



The voice of
learning disability



What does being part of a community mean to you?

To someone with a learning disability, it can be as simple as having the confidence to leave your house and walk down the high street, go into the chemist knowing you'll get the right service, and maybe have a chat with someone at the bus stop on the way home: things we would all expect when we step outside our front door.

Everyone on the high street has a story to tell, people with a learning disability included. But their story is too often one of being excluded, of having to face bad attitudes when they leave their house, and of a lack of understanding from everyone from health professionals to bus drivers.

At Mencap, we believe it is possible to change attitudes toward learning disability. And that with support, everyone with a learning disability can become an active member of their community. It's something we've been fighting for since the beginning of a movement started by Judy Fryd in 1946, a mother whose daughter, Felicity, was unfairly excluded from a mainstream school.

People with a learning disability shouldn't have to settle with living half-lives – always looking through the shop window. We want to see a world where society welcomes everyone in and we can learn to look beyond the easy, damaging labels.

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What is a learning disability?

A learning disability is a reduced intellectual ability and difficulty with everyday activities – for example household tasks, socialising or managing money – which affects someone for their whole life.

People with a learning disability tend to take longer to learn and may need support to develop new skills, understand complicated information and interact with other people.

What causes a learning disability?

A learning disability occurs before, during or soon after birth, when the brain is still developing. In some cases a learning disability can develop in early childhood, and in rare cases, up until the age of 18.

The causes of a learning disability vary. They can include things happening to the brain when in the womb, lack of oxygen for the baby during childbirth, early childhood illnesses, accidents or head traumas in early life.

When is a learning disability diagnosed?

A learning disability can be diagnosed at any time. A child may be diagnosed at birth or a parent or professional may notice a difference in a child's early development.

For some people it may be many years before they receive a diagnosis and others may never receive a diagnosis at all.

Do people with a learning disability need support?

People with a learning disability find it harder than others to learn, understand and communicate. They may need support with everyday things – such as shopping and travelling to new places.

People with profound and multiple learning disabilities need full-time help with every part of their lives – including eating, drinking, washing, dressing and toileting.

Are there different types of learning disability?

Some physical and genetic conditions, such as autism, Down's syndrome or Asperger's syndrome can mean a person will have a learning disability. Every person's experience of a learning disability is unique to them. We work to ensure everyone gets the right support to lead independent and fulfilling lives.

Can you cure a learning disability?

A learning disability is permanent. It starts before adulthood and is life-long, with lasting effects on the person's development.

Is a learning disability a mental illness?

Mental illness is not the same as learning disability. Just like everyone else though, someone with a learning disability can have mental health problems.



How do we help?

We're here to improve the lives of people with a learning disability and their families now, and fight alongside them for a better future.

All our work supports people with a learning disability to live life the way they choose. We team up with our network of over 400 local groups to reach people across England, Northern Ireland and Wales. Here is how we help:

Campaigning

When we see things that aren't fair, we campaign until we see real change. We fight alongside people with a learning disability to change laws and services, and challenge bad attitudes.

Support

We provide personalised support to people in a way that suits them best. That could be help with things like going to the shops, paying bills or giving carers a break, right through to giving 24 hour support to people who have very complex needs.

Housing

Everyone should feel happy and safe in their home, and have a choice about where they live. We help people with a learning disability find a home that ticks all the right boxes for them and meets their needs.

Work

Having a job can transform someone's life. We help people with a learning disability become job-ready, find a role that's right for them, and give them and their new employer the support to make it work.

Advice and information

We offer advice on all sorts of things, from getting the right benefits to problems with family and personal relationships. Whatever the issue, we can help, on the phone and online. We also offer advocacy services in some areas. Advocacy really just means helping people to speak for themselves. We make sure issues or concerns affecting people with a learning disability are properly listened to by those with the power to change things.

Leisure

Getting out and meeting people can make the world of difference for someone with a learning disability. Whatever their passion, we find out what it is and help them do it.

Overview

Royal Mencap Society (RMS) is made up of a number of different parts. Mencap (referred to as "the charity" in our accounts) has some subsidiary companies: Mencap Trust Company, which provides a discretionary trust service, Mencap Limited, which is our trading arm and Mencap Promotions, which runs fundraising events. Golden Lane Housing provides housing for people with a learning disability and other vulnerable people and is a separate charity but part of the Royal Mencap Society group.

Q & A with Jan (Mencap's CEO) and Derek (chair of Mencap trustees)

Mencap's strategy is one year old now. What have we achieved in that first year?

Jan: The first year of our strategy has been full of learning and discovery for us at Mencap. We always knew that we needed to spend the year doing research and testing new project ideas, to make sure the things we think will work actually do work in the real world. One highlight for me has been working with market research company Ipsos Mori to launch the first major survey on public attitudes to learning disability. We will get that back in summer 2016 and it will help us better understand the root of bad public attitudes that we know are out there, and still damaging lives.

But the most exciting thing by far was the opening of our new early intervention centre in Belfast: Mencap Centre. It's the first of its kind for us and will support children with a learning disability and their families across Northern Ireland. Read all about it on page 41.

Charities have been in the news recently with some very bad stories about fundraising. How can you make sure Mencap can be trusted by people if they are giving money?

Derek: It's certainly been a tough year for the charity sector. Some of the fundraising

tactics used by bigger charities had become too aggressive, and it was right that they were challenged on it. I want to reassure you that we have taken those lessons extremely seriously. Our donors are our lifeblood, and we would never risk losing their trust. We don't pass on data unless people have clearly consented to it. We don't use call centres abroad, and we are careful to ensure we don't contact our supporters too much. We have taken on board the additional guidance from the Institute of Fundraising and the Fundraising Standards Board, and we are working hard to make sure that our supporters feel even more in control of how we communicate to them.

However, now I think it's time for charities to pull together and remind our audiences of the difference their donations are making to people's lives, all the vital services we provide and the good we do in society. Thanks to our generous donors we can support thousands of people every year. We need to be proud of that work, and clearly communicate the difference we make. We don't want 'charity' to become a dirty word for the public - we are determined to keep that trust and show why we have been at the heart of people's lives for 70 years.

At Mencap, you say you are the 'voice of learning disability'. What do you mean by that?

Jan: People with a learning disability are still ignored, and too often shut out of decisions in their own lives - let alone given a voice on the national stage. We want Mencap to provide that platform for people with a learning disability to get their own voices heard - whether that's the voices of the thousands of people we support every day, to the tens of thousands supported by our network of local groups, to those who work for Mencap. We are passionate about getting people with a learning disability front and centre of media stories and political debates that affect them.

Derek: One great example of that happening was the *Hear my voice* campaign we ran in the build-up to the 2015 general election. People with a learning disability shared their stories and lobbied their candidates and were so powerful that over 600 candidates pledged to listen to them. Over 151 of them are now elected MPs and 31 have identified themselves as learning disability champions. That's the impact people can have if they are given the platform.

Mencap is really big, and tries to do a lot of things, like delivering services as well as campaigning. I have seen criticism that you shouldn't be trying to do it all. What do you say to that?

Jan: Mencap exists because our founder, Judy Fryd, and the early members saw the need for support for themselves and other families. As an organisation we started providing personal support services over 60 years ago, because there simply wasn't the high-quality care available that families wanted for their loved ones, so we stepped in to start offering it. It's since grown to be the biggest part of our organisation, and is something we're incredibly proud of. We offer support ranging from a couple of hours a week for help with bills and shopping, right through to 24 hour care for people who have very complex needs and challenging behaviour. We always think very creatively - with the person we support and their family - about how we can meet each individual's unique needs in the best way. I firmly believe that having this day-to-day experience makes our national campaigning much stronger. We are not approaching it in a theoretical way, we are completely grounded in our knowledge and experience of day-to-day life, and that gives us the skills we need to change people's lives for the better.

I have been part of Mencap's Young Ambassador scheme, which gave me a lot of confidence. What are your plans for reaching all the people with a learning disability who haven't managed to get that kind of support?

Derek: We want to be there to support more people with a learning disability from their earliest years - much earlier even than when you became involved in Mencap, Vijay. If we can reach more families when children are younger, we can help make sure they get the specialist care that will improve their chances of going to mainstream schools, and give parents the skills and confidence to support and nurture their own children as effectively as possible. We've been trialling some exciting new projects this year to start testing how we can best do that.

What does the future hold for Mencap next year? What do you think will be our biggest challenge?

Jan: The recent referendum on Brexit is of course on our minds. It is still early days and there is a great deal of uncertainty. Our absolute priority is to do all we can to hold on to the gains that have been made to protect the rights of people with a learning disability. It's a hugely challenging time for anyone involved in social care. The cuts to budgets are a big concern for us - many councils simply don't have the money to pay for the kind of care that people with a learning disability deserve. It's a frightening time for people, and we need to team up with other charities and care providers to make the case for why high-quality support needs to be a priority for everyone from the Prime Minister to the local councillor. And we need to be clear about the disastrous consequences for hundreds of thousands of people if support is lost.



Left to right:

Jan Tregelles, Mencap's CEO

Derek Lewis, chair of Mencap trustees

Vijay Patel, interviewer and Mencap volunteer

What do we want to see?

In 2046 we will celebrate 100 years since Judy Fryd started a movement that led to the formation of Mencap, and by that time we expect to see a world where people with a learning disability are valued equally, listened to and included.

We are determined to achieve this by changing attitudes, providing services and influencing those who can help us change the lives of people with a learning disability.

To get there we created a five year strategy, starting in 2015, so that by 2020 we will have a firm foundation to build upon. This strategy is divided into five priority areas. These are the areas where there is the most need to see change and create a better world for people with a learning disability.

It's not just about making things better day-to-day; we want to have an impact on the whole of society.

Our five key priorities for 2020

Raising awareness and changing attitudes

By 2020 we want to have made a significant and measurable improvement to people's attitudes towards people with a learning disability.

Making a difference to the lives of people with a learning disability here and now

By 2020 we want to have contributed to improving the quality of life for people with a learning disability receiving social care services.

Supporting friendships and relationships

By 2020 we want more people with a learning disability to have stronger friendships and relationships, and be better connected to their communities.

Improving health for people with a learning disability

By 2020 we want to see an increase in the skills and understanding of healthcare professionals, so that health outcomes for people with a learning disability improve.

Giving children the best start in life

By 2020 we want more children aged 0-7 with a learning disability and their families to receive the right early support.



1. Raising awareness and changing attitudes

We want every single person with a learning disability to be treated equally and with respect. To get there, we need significant, measurable changes to public attitudes.

By 2020, we will have:

- developed a good understanding of people's current attitudes towards people with a learning disability at a national level
- segmented the population and understood the change we expect to see in these groups
- understood the most effective ways to change attitudes, and set realistic but ambitious goals for the change in attitudes we want to see in five years
- started to see evidence of changes in attitudes.

While attitudes towards learning disability have improved considerably over the last century, people with a learning disability are still excluded from many aspects of life, and denied equal participation in education, employment, leisure and other activities and opportunities. Changing attitudes is crucial to improve the lives of people with a learning disability and their families.

What we have done this year

Developed a good understanding of current attitudes towards people with a learning disability at a national level

Last year, we started testing a set of questions aimed at identifying some of the most common myths and misconceptions about learning disability.

Surveying public attitudes

Building on work to test attitudes during Learning Disability Week last year, together with Ipsos MORI and members of our External Advisory Forum, we have designed a survey of public attitudes, which will be launched in summer 2016. It asks what people understand about learning disability, what their views are on some

of the key issues that are important to people with a learning disability, and how comfortable they feel being around people with a learning disability.

Ipsos MORI will survey a representative sample of 2,000 people across the UK, to give us a baseline for our attitude change work. We will use the results of the survey to target our awareness-raising work more specifically and track our impact on attitude changes.

Segmented the population and understood the change we expect to see in these groups

Lack of understanding about learning disability among the general public contributes to many of the inequalities that people with a learning disability and their families experience. We have identified a number of key audiences to target with our awareness-raising and attitude-changing work. These are:

- **Children:** research suggests¹ that children tend to express more negative attitudes towards peers with a learning disability than peers with other disabilities. Working with children early, before attitudes have become embedded, can have a positive impact throughout their lives.
- **The media:** people with a learning disability are much less likely to be visible in the media than other groups, and this lack of visibility impacts on the awareness and understanding of the public.
- **Decision-makers:** these people are crucial in shaping policy and practice. We need to continue to ensure that they take action on the issues affecting people with a learning disability and their families.

Understood the most effective ways to change attitudes, and set realistic but ambitious goals for the change in attitudes we want to see in five years

We have identified the most effective ways to change attitudes among the three key audiences.

Increasing direct contact between people with and without a learning disability

Research suggests² that contact may be the most effective way to change attitudes. Drawing from this theory, we have worked with UCL (University College London) to redesign one of our projects to focus on providing direct, positive interactions between children with and without a learning disability. Six schools in London will pilot the All In project from spring 2016, engaging a total of 120 students, aged eight to 13.

Increasing presence and visibility in the media

Even when people with a learning disability are visible in the media, this is not always enough to shift attitudes. However, a lack of visibility does contribute towards misconceptions about people with a learning disability and may result in a reluctance to interact with them.

For this reason, we have continued engaging with key media professionals to influence their casting and reporting choices. Our chief executive, Jan Tregelles, now sits on the BBC Appeals Advisory Committee and on the Channel 4 Year of Disability Advisers Committee. Our second annual Lord Rix lecture focused on the role of the media in challenging negative attitudes to learning disability. Chaired by Sarah Montague of the Today programme, it featured journalist John Harris and actress Sarah Gordy.

Raising the prominence of learning disability on the political agenda

One of the most effective ways to increase decision-makers' knowledge and understanding of learning disability is to develop our network of supporters, and support people with a learning disability to engage with decision-makers about the issues that affect them. This may include sharing their life stories, organising and joining hustings or campaigning online.

Our digital following (people who follow us on social media or receive our regular emails) has grown to 300,000 from 125,000 at the start of

the year. On average, 180,000 people actively engage with us online each month, which means they are responding to our messages or sharing them with their networks.

Hear my voice

This year, we launched the last phase of *Hear my voice*, our biggest ever political campaign. We worked to increase the skills of activists with a learning disability, their families and local groups through campaigns workshops in 35 areas, which reached about 400 people. Many of these people met with their new MP to discuss issues raised during the 2015 election campaign and to highlight concerns about proposed cuts to welfare.

As a result of this work, 151 MPs pledged to listen to people with a learning disability and their families, and 31 MPs identified themselves as learning disability champions.

As part of the Disability Benefits Consortium, we led a sector-wide campaign to seek amendments to the Welfare Reform and Work Bill so people with a learning disability would not be adversely affected. We focused on supporting people with a learning disability to share their personal stories and opinions with their MPs. This included dozens of meetings in constituency offices and a mass lobby of parliament attended by 150 disabled people, including 80 people with a learning disability, where we reached 115 MPs.

ESA cuts campaigning

In addition, we conducted a review into the impact of the cut to employment and support allowance, led by independent crossbench peers, as part of which people with a learning disability gave evidence. Our campaign put the issue firmly on the agenda among politicians and the public, and contributed to a subsequent U-turn from the government on other proposed cuts to disability benefits. The campaign also laid solid foundations for us to lobby on the government's white paper on employment support, which is expected in the autumn of 2016, and further benefit reform.

Started to see changes in attitudes

We have delivered a number of activities aimed at raising awareness and improving attitudes towards people with a learning disability.

- During Learning Disability Week we supported 13 community impact projects. The projects were developed and led by people with a learning disability who identified activities that would improve their local area, such as maintaining a communal garden. Feedback suggests that these projects had a positive impact on people's understanding of and attitudes towards learning disability. We are working on identifying ways to measure this impact for future projects.
- We delivered our learning disability and sport course to 177 people from eight sporting organisations. The course aims to support sports clubs and organisations, coaches and providers to help people with learning disability to access inclusive environments. At the end of the sessions, 90% of those who completed a questionnaire said they will change the way they work, 96% felt empowered to work with people with a learning disability, and 96% felt they had increased their understanding of learning disability when accessing sport.

- We delivered awareness-raising sessions in local communities across England, including three sessions for 60 health professionals and 48 sessions for 3,100 people (including school children, students, health professionals and the police). The sessions led to an increased understanding of people with a learning disability.

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David's story

My name is David House, I work for Harrow Mencap and I have a learning disability. I am chair of Harrow Mencap's forum for people with a learning disability.

I have organised lots of events to encourage people with a learning disability in Harrow to register to vote. And I have also invited local and national candidates to our forum meetings so they can answer our questions.

People ask about all sorts of things: jobs, transport, cuts to services, health, policing, and even fly-tipping! (that one's from me).

Candidates answer some questions easily, but when a question is harder, they often skirt around it in a clever way. Some candidates are good at communicating with people with a learning disability, others need to go back to school and be trained by people with a learning disability!

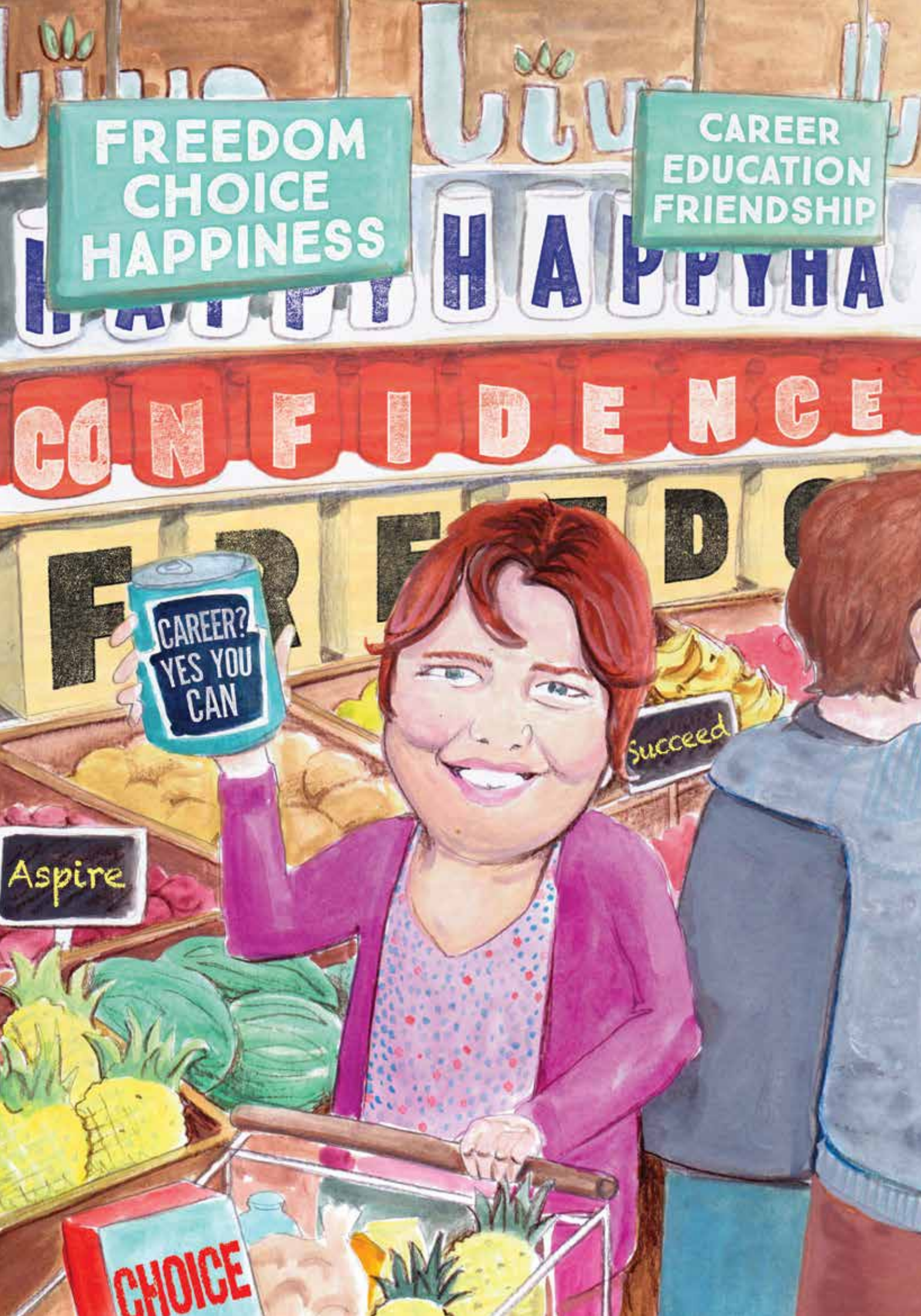
I expect candidates to come to events because they are our representatives, and we pay their wages! We are voters who need to be listened to – just like older people.

I really enjoy holding election events. One of the best things we've done is hold a mock election. We used real ballot boxes, which was useful for helping people see the real thing.

I want more people to hold events for people with a learning disability and candidates. It is majorly important for people to use their right to vote and to find out what their candidates think, so they can have a say in what happens in their local area and in the country as a whole.

“We are voters who need to be listened to – just like older people.”

- David



2. Making a difference to the lives of people with a learning disability here and now

We want people with a learning disability receiving social care to lead more fulfilling lives.

By 2020, we will have:

- understood better the difference that we make in people's lives
- piloted new models of service delivery, so that we can influence other providers and decision makers
- influenced others to provide better-quality services, which improve quality of life.

What we have done this year

Understood better the difference that we make in people's lives

Every year, we support thousands of people with a learning disability. This year:

- We provided day-to-day personal support to 5,286 people with a learning disability in England and Wales.
- In partnership with Golden Lane Housing, we provided housing to 91 more people.
- 53 people have moved into adapted properties purchased with the 2014 bond capital raise.
- We supported over 350 people with a learning disability into paid employment.
- We provided vital information and advice to many people with a learning disability and their families. In England, we responded to 12,536 calls and 6,303 emails. In Wales, our Learning Disability Helpline, funded by the Welsh Government, has dealt with over 1,500 cases.

Supporting people with a learning disability to live the way they choose

We believe that every person with a learning disability has the right to a good life that is determined by their wants and ambitions, not just their needs.

We have developed What Matters Most, as a person centred practice framework which is influenced by quality of life factors that are important for any human being. This helps us work with each person we support in thinking about the things that are important to them so that planning and support is clearly focussed on the personal outcomes each person wants to achieve in their life.¹

We're planning to do a full review of What Matters Most in 2016/17, but in addition feedback from reflection events suggests that it has given staff a clearer understanding of what people we support are satisfied with, and what they would like to do differently.

Giving people with a learning disability the opportunity to make choices about where and with whom they want to live

Golden Lane Housing commissioned Qa Research, an independent research company, to assess the impact that moving into a bond-purchased property had on tenants. The report was published by the Social Stock Exchange in December 2015, and highlighted the improvements to tenants' independence due to the high quality of the accommodation.

Tenants used words like 'proud' and 'confident', and described a sense of personal achievement about being able to look after themselves and make more of their own decisions.

Being able to do things for themselves was the most mentioned difference between the new property and previous living arrangement, regardless of where the person lived before.

Supporting people with a learning disability into employment

The number of people with a learning disability aged 18-64 and known to Councils with Adult Social Services Responsibilities (CASSRs) who are in paid employment in England has dropped year-on-year, going from 6.7% in 2013/14 to 6% in 2014/15.² Yet employment is extremely important for people with a learning disability, as for people without a learning disability.

- Through our Employ Me programme, we have supported 1,551 people with a learning disability to learn new skills, develop self-confidence, and gain work experience.
- Through Step Up, a programme in Manchester and the West Midlands funded by the Big Lottery Fund and the Zochonis Trust, we supported people with a learning disability or communication difficulties who were at risk of offending or had offended, to become work-ready.
- Through Me Time, a learning-through-leisure programme, we have helped 711 people with a learning disability to develop transferable skills, such as team working, improved communication and the ability to travel independently. The programme is intended for those who are looking to ultimately enter employment but require some initial support.
- Linked to the Supported Internships agenda, we worked in partnership with colleges and local authorities to support 145 people with a learning disability to learn skills in a practical, work environment, rather than in the traditional classroom environment. Areas where we have delivered these programmes included Reading, Oxford, Hampshire, Bristol, Worcester, South and West Yorkshire, Blackpool (Project Search), County Durham and London.

- We worked closely with a wide range of employers, including NHS England, Asda and McDonald's. Our work with NHS England senior managers improved their awareness of learning disability and helped them support individuals on the job.

In 2015, we were one of the charity beneficiaries of the Lord Mayor's Appeal. As a result of contacts made during the appeal, several businesses signed up to provide work placements as part of our Learning Disabilities Work Experience Week in November 2015.

Providing key information and advice

It is vital that people with a learning disability and their families can access relevant, appropriate information and advice. Through our helplines and regional advisers, we provide accurate, up-to-date information on everything from benefits to housing, which can transform the lives of people with a learning disability.

Mr M's story, England:

Mr M and his family were having significant problems following cuts to support for their daughter's journey to school. Mr M was considering leaving his job due to the stress, his wife was struggling with her mental health, and he was also concerned about the impact of the situation on their other children. Mencap supported Mr M to request a parent carer's assessment. His daughter is now getting a private taxi to school every day, and his wife is receiving weekly support.

Dewi's story, Wales:

Dewi* called the Learning Disability Helpline, as he wanted support to report hate crime on his local bus route. A regional officer went to visit Dewi and it became obvious that he needed support on more than reporting hate crime. He was living with his elderly mother who had a learning disability and dementia, and no one had explained to him what this meant for the future.

A Mencap Cymru regional officer supported Dewi to access several different services, including benefits advice, meals on wheels, and, crucially, easy read information about dementia.

*Name has been changed

Piloted new models of service delivery, so that we can influence other providers and decision makers

Challenging behaviours can have a negative impact on the quality of life for both the people who exhibit them and those around them. For this reason, we piloted positive behaviour support (PBS) this year. PBS is an internationally recognised, evidence-based approach that helps understand why an individual exhibits behaviours that may challenge, and how they can be supported so their quality of life, and that of their carers, is improved.

This year, we have focused on developing our skills, building relationships in the wider PBS network such as PBS Coalition, supporting the work of the PBS Academy, and testing PBS in three locations. These are: Darlington – County Durham, Liskeard – South East Cornwall and Tredegar in South Wales.

Influenced others to provide better-quality services, which improve quality of life

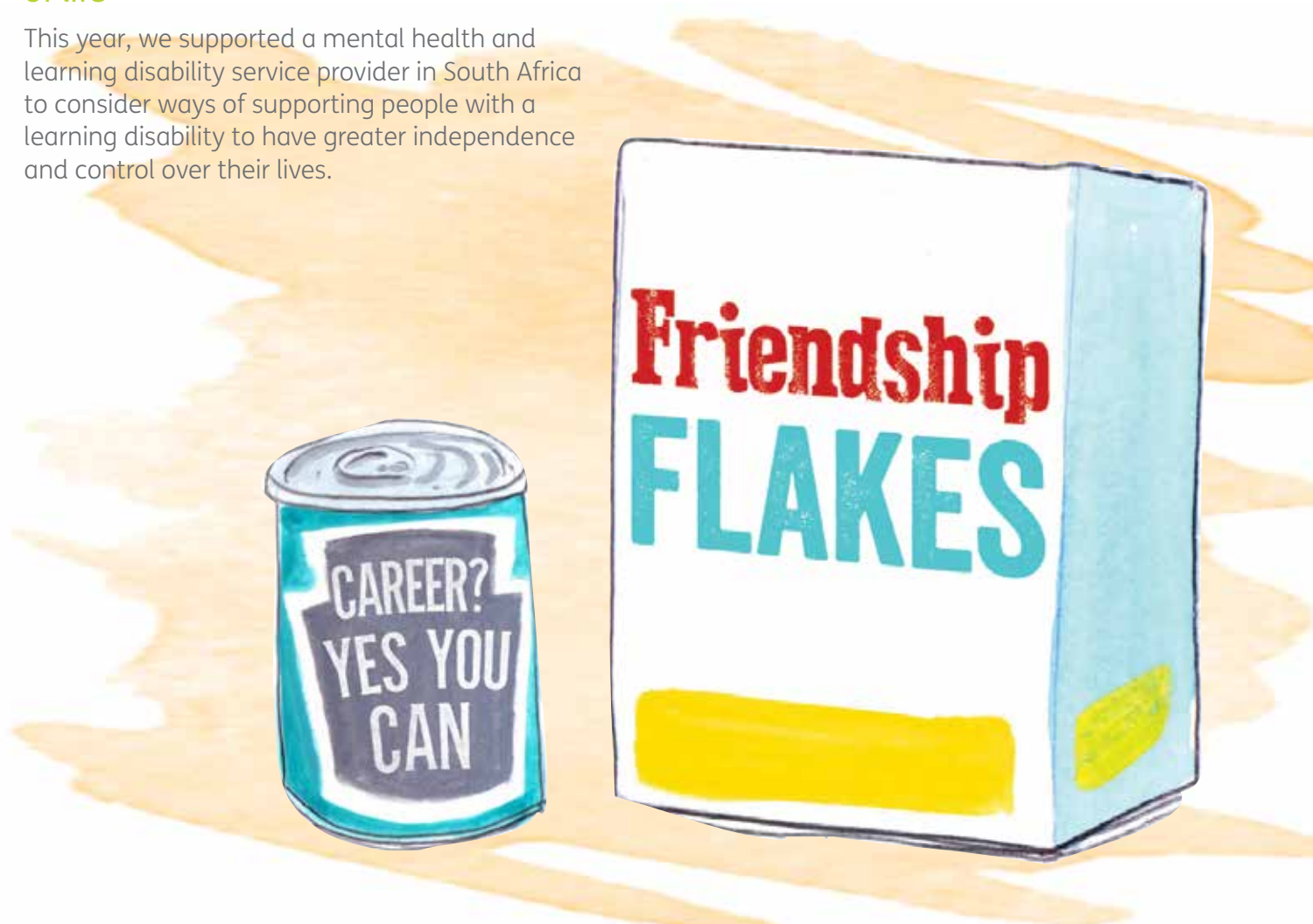
This year, we supported a mental health and learning disability service provider in South Africa to consider ways of supporting people with a learning disability to have greater independence and control over their lives.

We shared our What Matters Most framework with the provider, as a way of identifying what was important to people, and supporting them to set their own targets and goals. We discussed how even small changes, such as a breakfast club, where people are supported to make their own breakfast, could make a big difference to people's lives and independence.

The organisation has shared this learning and resources with other providers in the area.

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Arlene's story

Arlene was 27 and living with her family when Mencap were asked to help build her self-confidence in 2014. When we first met Arlene she was very shy, hid behind her hand and hardly spoke at all.

We offered Arlene the support sessions she needed, but there were obstacles; she lived 17 miles from the nearest town and only had £2 per session to spend. The social isolation and financial restrictions were a challenge.

We supported Arlene to overcome these barriers by helping her get to the nearest town and find activities that wouldn't cost her any money.

We found a social club for Arlene to meet people, and voluntary work in a charity shop. "I like chatting to the people at the shop and helping them," she says. This valuable experience helped Arlene grow in confidence, and with our support she was able to get three voluntary jobs!

Arlene now enjoys a very active life, working at a café, elderly people's home and her local 'total communication' group. She also joined a disability football team, and has made lots of new friends as a result of these activities. "I like having fun and spending time with them," she says.

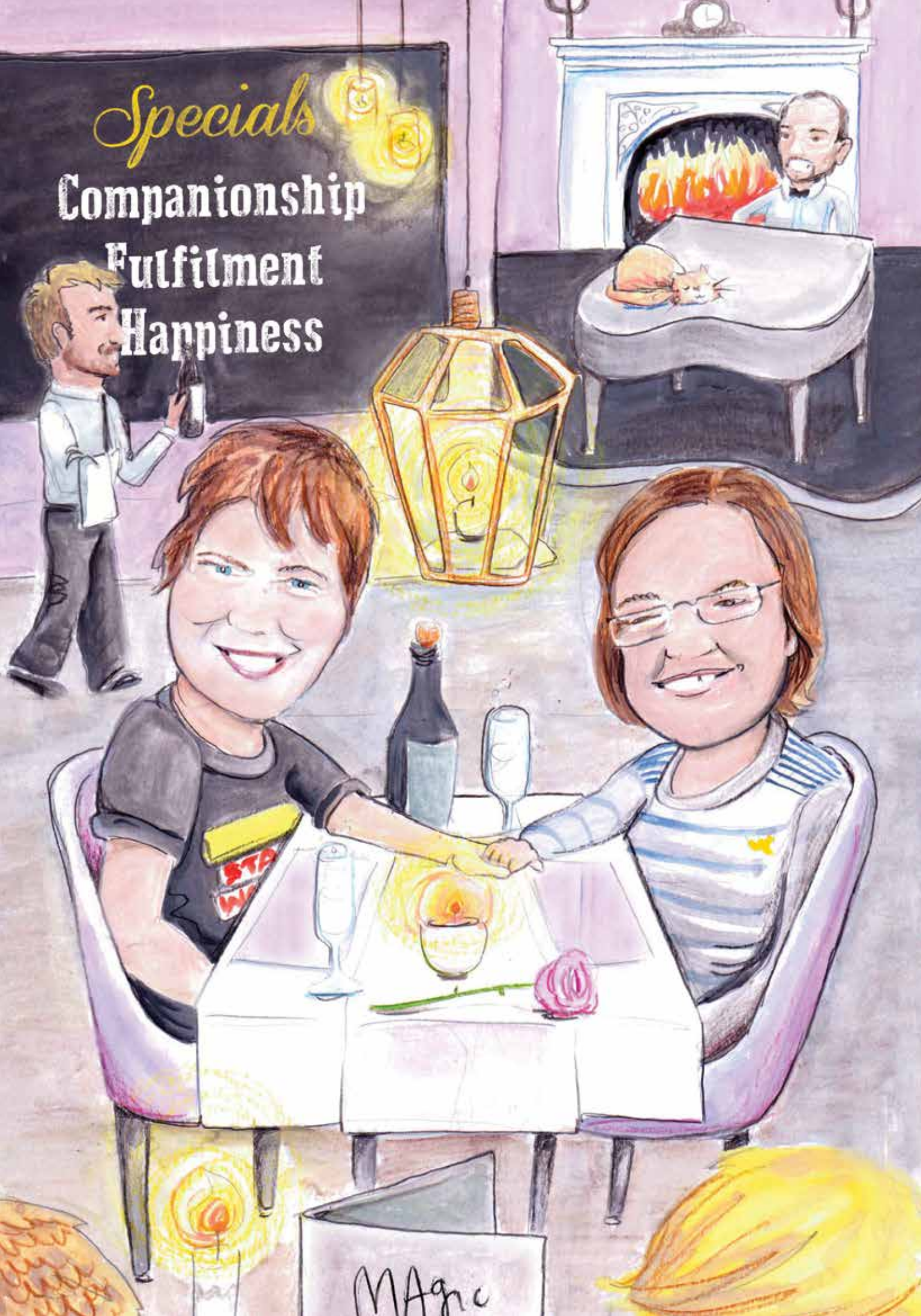
This new-found confidence encouraged Arlene to move out of her family home and into a trial period of supported living, enabling her to enjoy more independence.

Whilst the trial did go well, she decided to return home because she missed her family. However, moving out temporarily was still a valuable experience for Arlene and showed that she is willing to try new things.

Arlene is now much more confident and aspirational about the future. "I am able to say what I like and don't like now," Arlene says. "I know now that it is my choice in what I want to do. In the future I would really like to volunteer in a hospital."

"I like chatting to the people at the shop and helping them."

- Arlene



3. Supporting friendships and relationships

We want everyone with a learning disability to have a supportive network of family, friends and other social connections. Too many feel cut off from other people and excluded from having a social life. We would like to see more people with a learning disability developing friendships and relationships, and feeling connected to their community.

By 2020, we will have:

- defined what meaningful connections mean for different people
- carried out an evidence review to determine what the biggest barriers are for people with a learning disability forming meaningful connections. This will include exploring the relationship between housing and social care models, and people's friendships, relationships and wider social connections
- improved the social lives of people with a learning disability and their connections to their local community
- developed a plan, based on our learnings, that sets out how we want to improve and support friendships and relationships for people with a learning disability.

Friendships and relationships can help people feel happier, included and valued. Evidence shows that friendships can reduce loneliness¹ and improve people's mental and physical health. In addition, choosing whether or not to have a family and choosing whether to engage in consensual sex are human rights. Personal and sexual relationships can help to bring fulfilment and a greater sense of control to people with a learning disability. Sex and relationships education can also help people with a learning disability to better understand sex, consent, relationships and abuse.

However, people with a learning disability tend to have smaller social networks than people without a learning disability, and these are typically made up of family members or paid staff. Children with a learning disability not only have smaller social networks than children without a learning

disability, but their relationships are not usually as strong.² We do not know how many people with a learning disability are in a relationship, but research in 2005 found that only 3% of people with a learning disability in England lived as part of a couple, in comparison with 70% of the general adult population.³

What we have done this year

Defined what meaningful connections mean for different people

We have developed a series of attributes that friendships and relationships should have so that they have a positive impact on the lives of people with a learning disability.

- **Positive:** friendships that are happy and respectful, with low levels of conflict.
- **Caring:** friends who are kind and help each other through difficult times.
- **Fun:** friends should have the chance to spend time together and enjoy each other's company.
- **Supported:** family members and staff carers should help to empower people with a learning disability to have positive, caring and fun friendships.

Carried out an evidence review to determine what the biggest barriers are for people with a learning disability forming meaningful connections

We carried out an evidence review to identify the biggest barriers that people with a learning disability face in forming friendships and relationships.

Our research suggests that these include:

- **Physical barriers:** such as the lack of accessible transport and accessible toilets, sinks and changing facilities in the local community.
- **Economic barriers:** including poverty and unemployment.
- **Psychological barriers:** for example, people with a learning disability lacking self-confidence.
- **Practical barriers:** for example, the limited number of support groups providing opportunities for people with a learning disability to socialise.
- **Social and cultural barriers:** including the friendships of people with a learning disability being devalued by others, people with a learning disability being denied the privacy to socialise alone with friends, and people with a learning disability being denied their sexual rights.

Improved the social lives of people with a learning disability and their connections to their local community

We have supported people with a learning disability to develop meaningful connections by tackling some of the key barriers that we identified in our evidence review.

Increasing the availability of accessible toilets, sinks and changing facilities

Changing places toilets are fully accessible toilets. The *Changing places* campaign has resulted in more than 840 toilets being installed across the UK, with 96 being installed this year.

A full report will be available in July 2016. However, early findings include that 81% of those surveyed said that *Changing places* are ‘very important’ to people with a learning disability and their families, and that those who rely on *Changing places* are unable to do many everyday activities if they are not available. As one of the carers who took our survey explained: “Finding our first *Changing places* toilet in the area was like winning the lottery. It makes such a difference being able to go out and know my son does not have to stay in a soiled nappy until we get home.”

Increasing confidence

Building confidence and resilience is critical to help young people with a learning disability build friendships. In Wales, we are delivering Play Our Way, a project that supports young people with additional learning needs to develop resilience and confidence when accessing social and leisure activities. The project provides opportunities to become more confident about making and maintaining friendships, and challenges the way leisure activities are provided to make them accessible for disabled young people.

Providing more opportunities to socialise

This year, over 542 people with a learning disability took part in the Gateway Award, an activity award that encourages people with a learning disability to try new experiences and become more active in the community. Participants’ feedback suggests that the award gives people opportunities to take part in volunteering and other activities, meet new people and develop social connections.

In addition, we supported over 400 athletes with a learning disability to enter the Mencap National Swimming and Athletics Championships. At the athletics event, athletics clubs developed new relationships and now meet up for joint training and competitions.

Mencap Sport launched the round the world challenge in June 2015, which turns hours of sports and activities into a round the world adventure. So far, six local groups, six Mencap services and two external organisations have signed up to do the challenge. The 326 people signed up have completed 5,528 hours of sport and physical activity. Sixteen people have completed the world route (100 hours), six have completed the European route (40 hours) and 28 have completed the UK route (20 hours).

Supporting people with a learning disability to be included online

The internet has the potential to reduce social inequalities and facilitate the friendships of people with a learning disability. However, research suggests economic disadvantage, inaccessible computers and websites, and a lack of support or training as the main factors preventing people with a learning disability from going online.⁴

This year, we worked with Inclusion Europe and three other organisations to develop a set of training materials for people with a learning disability on online safety. A video, ‘What others should know about you’, forms a part of the training and has also been viewed over 6,150 times on Facebook.

In addition, the Mencap Youth Forum in Northern Ireland is running interactive digital skills sessions. The #WhatAboutMeNI project helps young people to get creative with technology, use the internet safely and develop online guides to help other young people with a learning disability use the internet.

Tackling limited evening and weekend access to support staff

Our evidence review shows that limited access to support staff in the evenings and at weekends can prevent people with a learning disability from socialising outside of the home.⁵

We have recruited and trained a pool of volunteers to address this problem and enable the people we support to do the activities they enjoy. Volunteers have enabled the individuals to take up running, go swimming, enjoy fishing, go to the theatre and generally get out and about. We will expand this work next year with the launch of Sidekicks, a project that aims to match volunteers and people with a learning disability with common interests, to do activities together.

Developed a plan based on findings that outlines how we want to improve and support friendships and relationships for people with a learning disability

We still have work to do to fully investigate the evidence around how to reduce or remove barriers, and improve the friendships and the relationships of people with a learning disability.

To date we have delivered a course on sexuality for our local groups. Over 30 groups have accessed this training at three locations (London, Manchester and Solihull). As a result, the groups reported an improved confidence in working on these issues and creating solutions at a local level. Follow-up activities include ongoing training, which we hope that other organisations will take up and run.

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Helen and Shirley's story

Helen and Shirley are a happy couple in a loving relationship who both have a learning disability.

They first met back in 2007, when Helen had moved into an area of Newcastle where Shirley had lived since 1994. They hit it off and soon became good friends.

A few years later they began a relationship, which marked a significant moment for Helen who took this opportunity to 'come out'. This new relationship gave her the confidence and pride to finally share her sexuality with her loved ones.

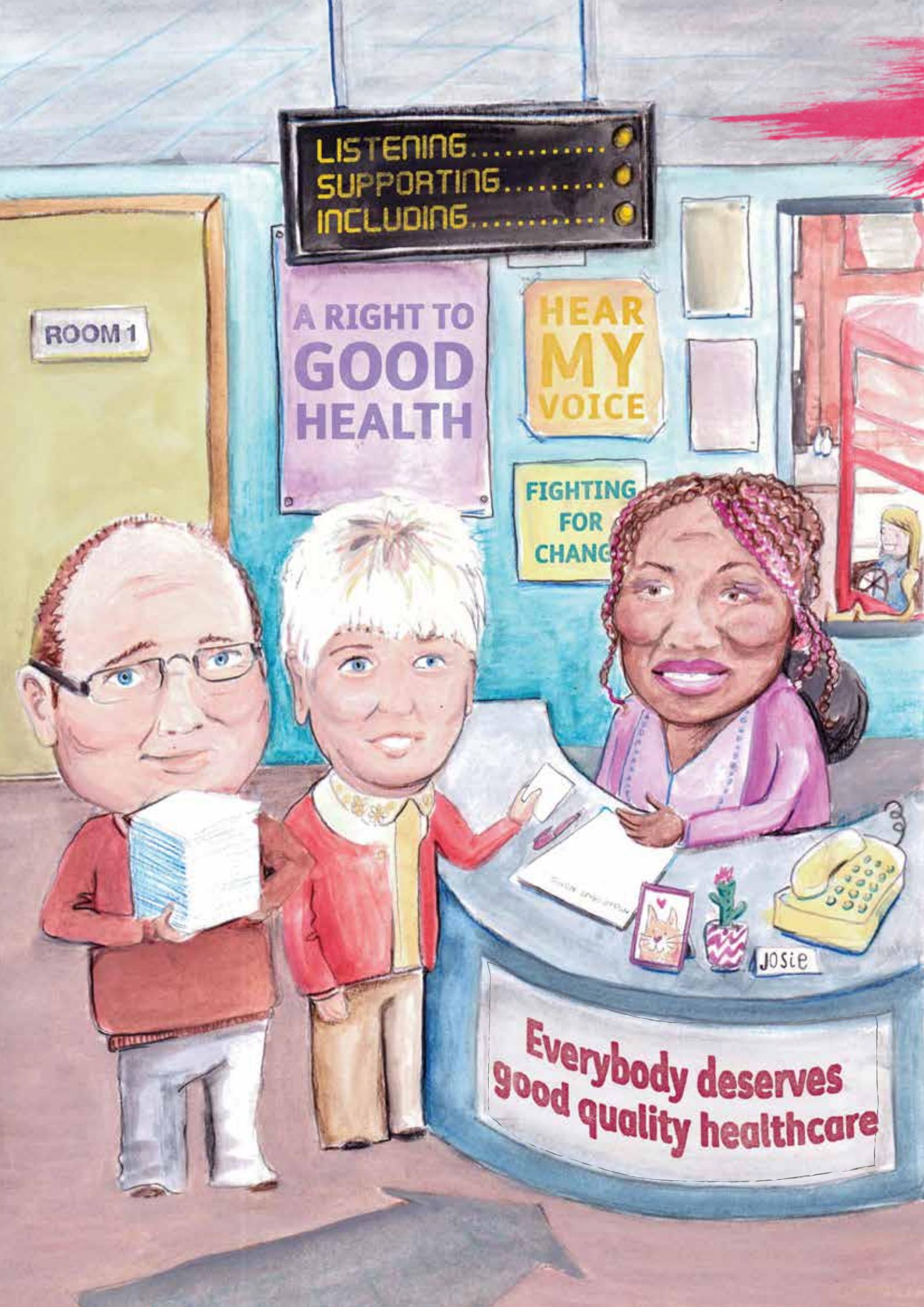
Shirley had been aware of her sexuality for a long time, but for Helen this was all very new and a huge turning point for her after having spent most of her adult life in institutions, including serving a custodial sentence. Now she had found someone to share her life with and felt free to express herself.

After a while, they wanted to move closer together, and this became a reality in 2012 when Helen took the tenancy of her own flat, which was much closer to Shirley's home.

Helen and Shirley get support from Mencap staff to attend events that get them involved in the lesbian, gay, bisexual, and transgender (LGBT) community, such as gay pride celebrations. They have also both been supported to attend MESMAC North East, a group that offers specialised advice on healthcare needs for gay, lesbian and bisexual people.

Helen and Shirley are a great example of people with a learning disability choosing how they want to live their lives. They have a right to relationships, just like anyone else, and should be able to enjoy the happiness, fulfilment and companionship that a relationship can bring.

Mencap want to see a future where the personal and sexual relationships of people with a learning disability are accepted and barriers to having a loving relationship are removed.



4. Improving health for people with a learning disability

We want people with a learning disability to have better health. For this to happen, we would like to see a significant and measurable improvement to healthcare workers' understanding of, and attitude towards, learning disability. We also want the health of people with a learning disability to remain high on the government agenda.

By 2020, we will have:

- developed our understanding of current awareness and skills of healthcare workers towards people with a learning disability
- made it easier for people with a learning disability to access healthcare
- improved the quality of healthcare that people with a learning disability receive
- assessed and understood the training that is currently provided
- piloted new training to see how new approaches can improve attitudes and the provision of reasonable adjustments
- increased our influence over those who are in positions to help us create change, such as politicians.

Preventable deaths

The confidential inquiry into the premature deaths of people with learning disabilities (CIPOLD) revealed that life expectancy of people with a learning disability was lower than the general population by 13 years for men and 20 years for women.¹

While this may sometimes be related to the causes of a learning disability, CIPOLD found that almost 40% of deaths in hospital of people with a learning disability were a result of causes that could have been prevented with good quality healthcare. This is in comparison to just 8.8% of cases for people without a learning disability.

Some of the main barriers to effective treatment of people with a learning disability in hospitals include patients not being identified as having a learning disability, staff having little understanding about learning disability and failure to make a correct diagnosis.² As CIPOLD sums up, "the problems in the care pathways of people with learning disabilities most frequently appeared to occur at the point of investigating, diagnosing or treating illness, not in identifying that a person was unwell."³

We have decided to focus on improving the awareness, skills and attitudes of healthcare staff, to improve treatment of people with a learning disability and access to healthcare.

What we have done this year

Developed our understanding of current awareness and skills of healthcare workers towards people with a learning disability

We carried out a literature review of the needs and treatment of people with a learning disability in secondary care, which showed that staff understanding is a major barrier. However, we have more work to do to fully understand the awareness and skills of healthcare workers.

Made it easier for people with a learning disability to access healthcare

Pharmacists are often people's first point of contact with the healthcare system. It is crucial, therefore, that they are able to provide information in a clear and accessible way, and

are prepared to support people with a learning disability with their health.

This year we received funding from the Department of Health Strategic Partnership for a project aimed at tackling some of the key barriers that people with a learning disability face when accessing local pharmacies.

The project interviewed, surveyed, and held focus groups with over 500 people (comprising 506 disabled people and professional support staff, 56 pharmacists, and 35 family carers) gathering information about key concerns, and recording solutions to the barriers identified.

Early findings from an impact review suggest that the project was successful at raising the issue of accessibility with the Royal Pharmaceutical Society and the National Pharmacy Association, and at helping pharmacies to implement the Accessible Information Standard in their everyday practice.

Improved the quality of healthcare that people with a learning disability receive

On behalf of families, we followed up with hospitals about the deaths of people with a learning disability after complaints and inquests. As a result of this, families received answers about why their loved ones died and some hospitals have made improvements to their practice. Media reports on some cases have also highlighted the issues and the improvements needed.

In January 2014, the Welsh government introduced learning disability care bundles in all hospitals in Wales. The care bundles are a set of procedures or key steps that should be carried out when a person with a learning disability is admitted into an acute hospital setting. As a result of our lobbying, this year the Welsh government established a task group to ensure the effective implementation, monitoring and evaluation of the bundles across Wales.

Assessed and understood the training that is currently provided

Our literature review of the needs and treatment of people with a learning disability in secondary care showed that staff understanding is a major barrier. However, we have more work to do to

fully understand the training currently provided and how this could be improved.

Piloted new training to see how new approaches can improve attitudes and the provision of reasonable adjustments

Improving Health and Lives⁴ summarises the interventions and reasonable adjustments to primary care and acute health services that could be implemented to reduce 'premature mortality amongst people with learning disabilities'. One of the adjustments named is 'training for all staff to promote effective reasonable adjustments for people with learning disabilities'.

Our experience of delivering training to GP surgeries suggests that for training to be really effective, it should be co-delivered by people with a learning disability. Therefore, we have worked with professionals to design a short and accessible training programme, which has been co-delivered by people with a learning disability to a small number of healthcare staff. Of those attending, 82% reported an improved understanding of learning disability, and 83% said that they felt more able to communicate with people with a learning disability. We are now refining the training and seeking funding to test it on a larger scale.

Increased our influence over those who are in positions to help us create change, such as politicians

We know that influencing decision-makers is important to ensure that the healthcare system works for and values every individual equally. We have continued to work closely with NHS England, the Department of Health and other organisations, and sit on the Department of Health's learning disability programme board, chaired by the Minister for Care, which advises on new health initiatives.

Crucially, we have collaborated with NHS England, the Department of Health and the University of Bristol on establishing the new Learning Disability Mortality Review, which will give us the first national picture of learning disability mortality across England. We now sit on the Oversight and Advisory groups for the review.

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Paul's story

Losing a loved one can be devastating, but it can be even harder knowing their death could have been prevented.

Jayne Nicolls and Jonathan Ridd sadly lost their brother Paul because of a lack of understanding about his learning disability by healthcare professionals.

"On New Year's Eve in 2008, our brother Paul was in great pain and was taken to hospital. He had a perforated bowel and spent three weeks in intensive care. As soon as Paul came round he was whisked off to a general ward - but it was way too soon," they said.

"Paul was severely neglected and a few days later he died."

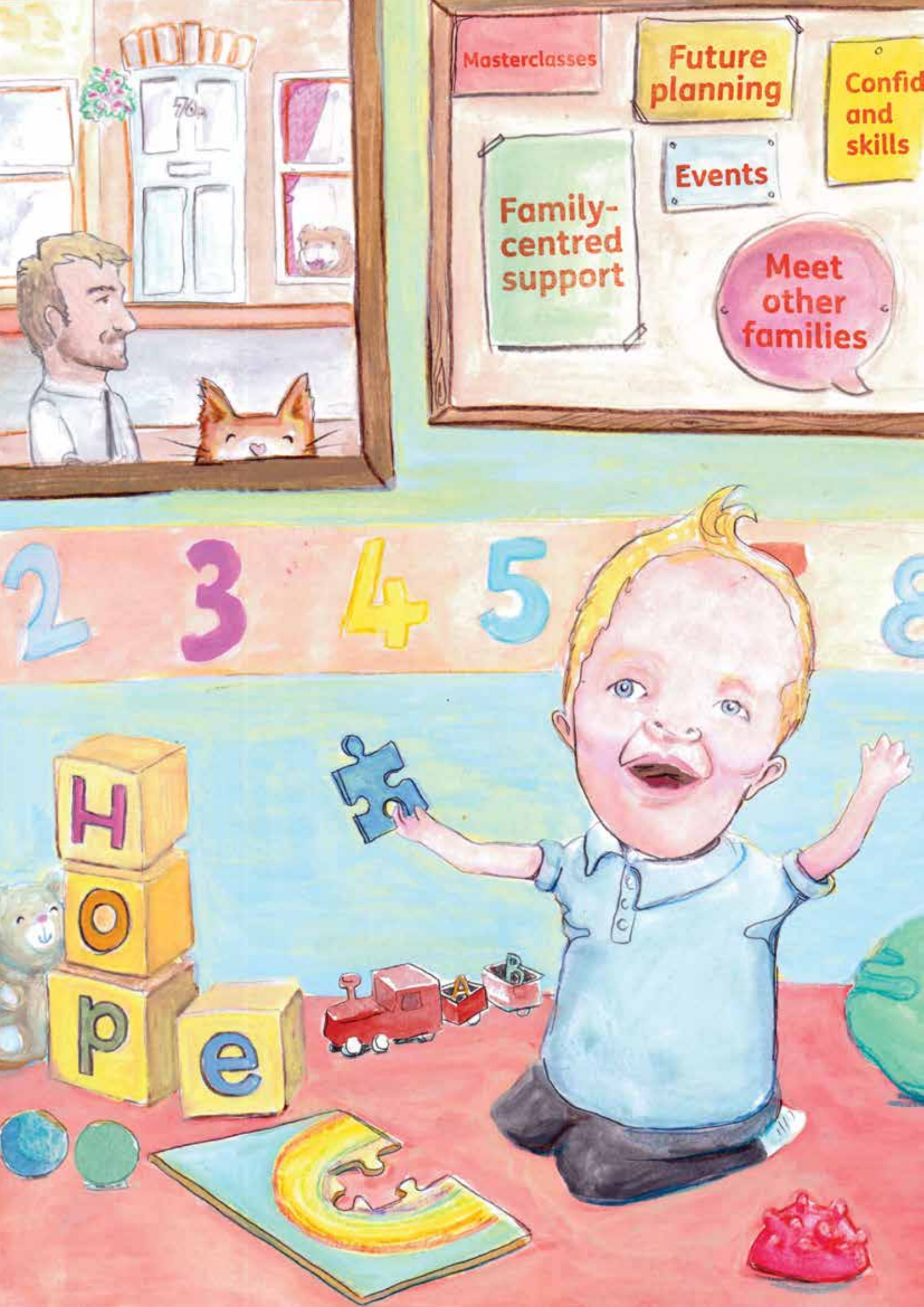
"He died because of his learning disability, not his illness. He just wasn't treated the same as other patients. We knew he was getting worse and begged staff to do more. The doctors and nurses left him for up to 20 hours without being checked on, lost his notes and gave him drugs for 'agitation' that ended up making everything worse."

"We were left haunted by questions. Did we shout loud enough? What could we have done differently?"

"We believe that people with a learning disability deserve equal healthcare. It's so important for nurses and medical staff to listen to families and understand the person they are trying to treat."

"We won't stop campaigning for the government to make changes to protect people with a learning disability. Paul had so much joy and warmth for everyone, and his legacy is to prevent an avoidable death like his from happening again."

"It's so important for nurses and medical staff to listen to families and understand the person they are trying to treat."



5. Giving children the best start in life

We want children with a learning disability to have the best start in life. That means children, and their families, must receive the right support during the early years.

By 2020, we will have:

- measured the impact of our early intervention work in Northern Ireland
- understood how the provision of early intervention by us, our local groups and other learning disability organisations affects the lives of children, young people and their families
- understood the barriers to getting early years support for parents of children with a learning disability
- used our knowledge to change policies and systems to improve practice around early intervention, and made sure every family has access to the support they need.

Our research shows that the inequalities people with a learning disability and their families experience often have their roots very early in life. There is evidence that early intervention can positively affect children's lives by developing their adaptive skills, strengthening families and giving them the tools to support children to develop and thrive. It is, therefore, crucial to intervene as early as possible to give children with a learning disability and their families the right support.

What we have done this year

Measured the impact of our early intervention work in Northern Ireland

In January 2016, we opened Mencap Centre, our new children and families centre for early years support in Belfast. The centre is the first of its kind for Mencap and a radical step for children with a learning disability and their families across Northern Ireland. It was funded by a range of organisations, businesses and individuals,

including the Department of Health, Social Services and Public Safety, The Rory Foundation, Ulster Garden Villages, Addiction Recovery Network (ARN), and Paul and Margaret Fraser, owners of Fraser Homes.

The centre houses therapists from the Belfast Health and Social Care Trust, allowing children with a learning disability and their families to access the therapies and support services they need under one roof. At its heart is a nursery for young children with a learning disability, autism or developmental delay, many of whom have multiple, profound and complex needs. We have planned new outreach services from the centre to enable more families to receive direct support. We are assessing a number of early interventions to identify those that have the biggest positive impact. This will ensure that our work is evidence-based and that our learning is able to inform early years interventions more widely.

Understood how the provision of early intervention by us, our local groups and other learning disability organisations affects the lives of children, young people and their families

To ensure that the interventions we are developing respond to the needs of children with a learning disability and their families, we have conducted nearly 100 in-depth interviews with families of children with a learning disability and professionals across England, Wales and Northern Ireland.

These highlighted common themes, such as a lack of coordination between services, the importance of peer support, and the lack of appropriate support at the point of diagnosis.

Used our knowledge to change policies and systems to improve practice around early intervention and made sure every family has access to the support they need

Our policy work: Childcare Act 2016

We worked with The Council for Disabled Children, Contact a Family and the Family and Childcare Trust, to ensure that the Childcare Bill met the needs of children with a disability and their families. We jointly produced a report, Levelling the Playing Field: Equal Access to Childcare for Disabled Children, and called for the government to ensure that families of disabled children could access high-quality, affordable childcare in the early years. Our efforts led to substantial improvements to the bill, which now ensures that some families caring for a disabled child aged 3 or 4 can get an additional 15 hours of free childcare per week.

Our work with carers and professionals: Bags of Ability and E-PaTs

We delivered Bags of Ability, a project aimed at encouraging the development of literacy and communication skills of children with a learning disability through sensory storytelling. The project, which ended in October 2015, delivered nearly 800 sessions to over 700 families and 450 professionals in London. Feedback from carers and professionals shows that the project was successful at increasing carer-child communication. Before attending the programme, about a third of carers (30%) said that they told stories to their child 'a lot' and 57% said that they did this 'sometimes'. Afterwards, more than 70% said they were telling stories more frequently.

In addition, we have started piloting a new intervention, Early-Positive Approaches to Support (E-PaTs). E-PaTs was designed by Dr Nick Gore at Tizard Centre, University of Kent, in collaboration with professionals and carers, to support family carers who have a young child (aged up to five) with a learning disability or a developmental delay. Funded by NHS England, E-PaTs now gives families the knowledge and the skills to support their child before behavioural difficulties emerge.

The programme was piloted in Kent. The initial evaluation suggested that both children and parents experienced positive outcomes, and that the training was well-received. Working closely with Dr Nick Gore, we have delivered E-PaTs to 80 families across Barnet, Greenwich, Newham and Peckham, and are now evaluating the effectiveness of the intervention. This will enable us to decide whether and how the training should be further refined for its wider roll-out.

Our information and advice

This year we have worked hard to redesign our website and make it a reference point about learning disability and the issues affecting people with a learning disability and their families. We now have an accessible source of information and advice, conforming to level AA of the W3C Web Content Accessibility Guidelines 2.0. The new website was launched in June 2016.





Daire's story

On the night Daire was born in November 2009, his parents were told that he had Apert syndrome and might not make it through the weekend.

Apert syndrome is a genetic condition that affects one in 80,000 babies born in the world each year and requires major ongoing surgery and long hospital stays.

"The first two years of Daire's life were really tough," says his mother, Colette. "We were once told that children with Apert syndrome take longer to adjust to things and develop, but with Daire and his complex needs, you could have rewritten the book," adds her husband, Barry.

Colette and Barry both feel that they turned a corner after Daire started at Mencap's Segal House Nursery. Supporting over 50 children with a learning disability, autism or serious unexplained developmental delay, the nursery is a specialist early intervention service in South Belfast for two to four year-olds and their families.

Colette says: "Segal House was brilliant and we really saw him develop. The staff were so patient and his key workers were just great. He learnt to count on his fingers, do his colours and sign words using Makaton."

"Daire went to Segal House for a year and it was an amazing wee place. He couldn't walk when he started, but when he left we walked out together, which was just so emotional."

Colette said: "The love and joy Daire brings to our family is just amazing. We are so proud of him. Daire's into everything now, he's walking and we can actually visualise him going to school and enjoying life as a wee boy - something we couldn't have imagined in the early days."

"Segal House was brilliant and we really saw him develop."

- Colette



The voice of
learning disability



Our new Mencap Centre in Northern Ireland

This year, we opened a brand new purpose-built centre in Northern Ireland for children with a learning disability and their families.

The opening of Mencap Centre marks a significant step forward for the future of children with a learning disability and their families across Northern Ireland.

The centre was officially launched in March by the First Minister, Deputy First Minister and Health Minister of Northern Ireland.

Giving children with a learning disability the best start in life is a big priority for Mencap. We equip families with the confidence and skills to raise their child independently, ensuring they reach their potential. The new centre will enable us to support even more families.

The state-of-the-art Mencap Centre will serve as a best practice model for Mencap's early intervention services. At the heart of the new building is the Children's Centre, a nursery for two to four year-old children with a learning disability, autism or developmental delay, many of whom have multiple, profound and complex needs.

Mencap Centre will take a unique approach to the healthcare and education support it offers by housing therapists from the Belfast Health and Social Care Trust on site. This means children and young people will have access to all the therapies and support services they need under one roof.

New outreach services are being planned for Mencap Centre, allowing more families across Northern Ireland to receive direct support. There will also be a new focus for young adults with a learning disability; Mencap Centre will provide a safe

environment to hang out, enjoy the company of their peers and build life-long relationships.

Mencap Centre cost £4.6 million to build, with £2.5 million of the funding coming from the Department of Health, Social Services and Public Safety. Local organisations, businesses and individuals also contributed more than £2.1 million through the *Big step forward* appeal and major donors included the Rory Foundation, Ulster Garden Villages, the ARN Foundation and Paul and Margaret Fraser, owners of Fraser Homes. The *Big step forward* capital appeal in Northern Ireland is Mencap's largest fundraising campaign to date.

The opening of Mencap Centre marks a significant step forward for the future of children with a learning disability and their families across Northern Ireland.

Growing a stronger network

To deliver our five key priorities, a strong network is essential

That's why we set up a dedicated network office in November 2015. We built on this with the recent launch of Your Network – our new partnership scheme that helps groups and organisations supporting people with a learning disability to become part of a UK-wide network.

The benefits of Your Network include shared resources and ideas, collaborations, and overall greater support. Network partners are also offered a range of practical tools and resources to help them achieve their goals. We believe that joining forces with local groups puts us in a much better position to achieve our mission of transforming society's attitudes to learning disability.

We have engaged and consulted with more groups than ever in the development of our work. We launched Our Big Plan, which sets out our five priorities, to 20 groups at an event at the Cabinet War Rooms. Our chair Derek Lewis and our chief executive Jan Tregelles also met with 25 chairs and chief executives of local groups.

We have held conversations to engage local organisations with, and get local input into, our five priority areas. We spoke to 81 people at 19 different locations about friendships and relationships and to 190 people at 20 different locations about changing attitudes. The local insight has been used to inform the development of local activity under the priority areas.

We hosted Mencap's Big Day Out in October at Aintree Race Course. The day was attended by 358 members from 43 local groups and included think tank, how-to and showcase sessions led by both local groups and Mencap staff. Of the 131 delegates that completed the feedback form, 78% said it was a really good day, 64% said they had taken away new ideas and would do things differently and 88% said they would come back again.

The final year of the first phase of the Gateway Beacon project came to an end in September 2015. The ten Beacons who took part achieved the following:

- Six Beacon clubs increased their digital reach, with four new websites and increased social media activity.
- Six Beacons set up new Gateway clubs – four for 16–30 year olds and two in new regions.
- Six groups increased their community activities for members, including sports activities, live band nights, trips to theme parks, sponsored walks, trips to the Commonwealth Games, music festivals and cycling.
- Seven Beacons focused on increasing the health of their members, for example, offering healthy snacks for members, increasing the range of fitness activities, and providing cancer awareness training and healthy living training.

We secured funding from the Pears Foundation and Adcare to extend the network to 15 Beacons across England, Wales and Northern Ireland, including the first non-affiliated group, Dorset People First, and the first Welsh group, Mencap Mon. In total, 68 clubs are signed up to the network and an additional 37 groups are engaged with the network but not formally signed up. These groups continue to work collaboratively with their local Beacons, sharing resources, information and best practice.

The Gateway Beacon project delivered nine How To workshops, which were attended by 109 people from across the Beacon network. Of the 59 delegates who completed a feedback survey, 86% rated the workshops as really good and 11% as good. Attendees said that clear, structured and informative workshops with 'actionable information' meant they felt 'inspired' and 'better equipped' to progress their club and organisation.

Your network: future plans

Over the next year we will be developing our online community to make sure it is effective as it can be for our network partners. A new way of working locally is also in development and more about this will be revealed soon.

What we will be doing next year

Raising awareness and changing attitudes

In 2016/17 we will gain a deeper understanding of public attitudes towards learning disability. We will present results of a survey carried out by market research company Ipsos MORI and findings from other research into the experiences of people with a learning disability. This work will influence all our media and campaign work in the next year.

We will also test models of improving attitudes by increasing contact between people with and without a learning disability. Working with University College London, we will test the All In project in six schools across London and review the impact of this on young children's attitudes towards their peers with a learning disability. The learning that will result from these tests will help us shape the programme and impact how we deliver it.

Making a difference to the lives of people with a learning disability here and now

In 2016/17 we will get a clear understanding of the impact of our services on the quality of life for the people with a learning disability we support. We will review the effect of our What Matters Most framework on improving lives for people with a learning disability, and complete our testing of Positive Behaviour Support.

We will also work with key stakeholders and experts to identify and consider appropriate funding options for supporting people with a learning disability into employment. Alongside this, we will continue to work with Golden Lane Housing (GLH) and others to ensure that people with a learning disability have access to suitable housing.

Supporting friendships and relationships

Next year we are going to test a number of interventions and review how effective these are in achieving positive changes for people with a learning disability in this area. We will work closely with our network partners to understand the interventions they are providing and the difference that these make to the lives of people with a learning disability. This work will be based on a better understanding of the barriers faced by people with a learning disability in building friendships and relationships.

Improving health for people with a learning disability

We are going to develop and test models of interventions to increase the skills of health professionals when supporting people with a learning disability with their health. As part of this work we will test our newly-developed training programme on a wider scale to review and improve its effectiveness.

We will also continue to work with key stakeholders, nationally and locally, to ensure that the healthcare needs of people with a learning disability are a high priority for politicians.

Giving children the best start in life

Building on the work we have done this year, we will support the further development and review of models of intervention aimed at building the skills and confidence of parents and carers, and improving the lives of children with a learning disability or developmental delay. To do this, we will use our new Mencap Centre in Northern Ireland and explore the opportunity to do the same in other locations.

A massive thanks to all our fantastic supporters

2016 London Marathon team
2016 Marathon des Sables team
Allen & Overy
Aon Hewitt
ARN Foundation
Aveso
BBC Children in Need – Play Our Way
BBC Children in Need – Reach Me
Big Lottery Fund Awards for All Programme
Big Lottery Fund England
Big Lottery Fund Grant – Powys Community Allotment Project
Big Lottery Fund Grant – Segal House
Big Lottery Fund Northern Ireland
Carnegie UK Trust
CITI, Belfast
Complete IT
Dame Barbara Windsor
Dame Norma Major
David and Claudia Harding Foundation
Debbie Douglas
Deep RiverRock Belfast City Marathon
Department of Health, Social Services and Public Safety
Dermot Desmond
Downtown Radio and Cool FM's Cash for Kids
Drake & Morgan
Edith Murphy Foundation
Eleanor Harvey Charitable Trust
Engie
Fielding Financial Group
Fixnetix
Fontsmith

Forum for the built environment Cambria
Franklins Solicitors LLP
Fraser Family
George and Liz Parker MBE
George Best Belfast City Airport
Hanbury Rd Baptist Chapel, Bargoed
Harpur Trust
Heritage Lottery Fund (Wales)
HSBC
Hymans Roberston LLP
Iris O'Brien Foundation
Jane Gordy
Jane Raca
Jessica-Jane Applegate
Jo Whiley
Jodie Whittaker
John James Bristol Foundation
JP McManus Charitable Foundation
Kate Spicer
Kelly Shirley
Kit Harington
Ladbroke's Charitable Trust
Land Securities Group plc
Lydia Rose Bright
Mat Horne
MBNA Europe Bank Limited
Mencap's Special Events Committee
Mencap's Young Professionals Committee
Middlesbrough Council's Physical Activity Fund
Mr and Mrs Philip Loney
Mrs Eleanor Holloway
National Offenders Management Service
NHS England

Neev Spencer
Paddy Jackson
Pamela Ballantine
Penny Vincenzi
Pilkington Charities Trust
Players of People's Postcode Lottery
Quilter Cheviot
Rory Foundation
Sarah Gordy
Sheffield & District Hospital Services Charitable Fund
Sir Alan and Lady Gilly Yarrow
Sport England
Survey Monkey
Sweet Causes Ltd
Talbot Village Trust
The Baily Thomas Charitable Fund
The Batchworth Trust
The Beatrice Laing Trust
The Cabinet Office: Democratic Engagement Fund
The Edge

The Foyle Foundation
The Kathleen Laurence Trust
The Lord Mayor's Appeal
The McClay Foundation
The Oliver Ford Trust
The Parents of Segal House
The Pears Foundation
The R H Scholes Charitable Trust
The Wolfson Foundation
The Zochonis Charitable Trust
Tom Bachofner
Trevor Pears
Ty Glaser
Ulster Garden Villages
Ulster Rugby Club
USDAAW
Vanquis Bank
VolkerWessels UK
Winemark
Wooden Spoon

We would like to offer a special thanks to those generous and thoughtful donors who leave us gifts in their wills. These amazing people are changing the lives of people with learning disabilities every day, now and in the future.

Fundraising activities

Having set out our path for the coming years, Mencap is much clearer about the resources that we will need to achieve our strategy. We know that our supporters and donors are vital to our success in changing the lives of people with a learning disability and we are working hard to engage people and build trust. We have taken on board the additional guidance from the Institute of Fundraising and the Fundraising Standards Board. We don't share our donors' details without consent, we do our best to contact people only as often as they have told us they prefer, we don't use street fundraisers ("chuggers") and we don't use call centres abroad.

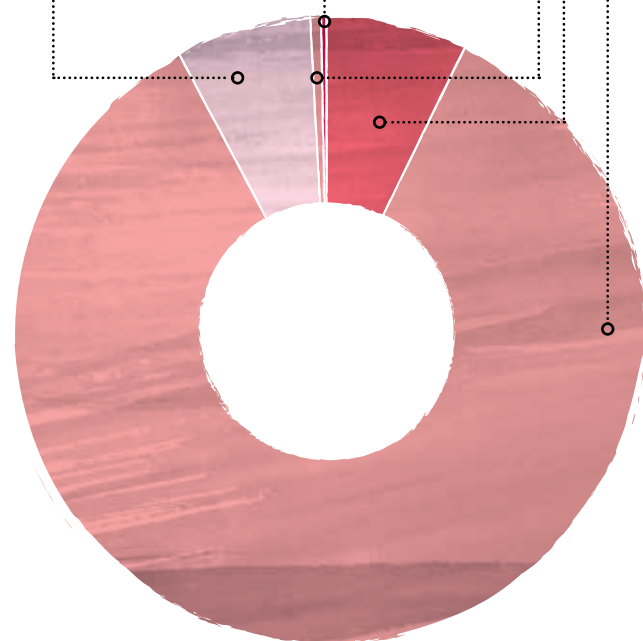
We have already begun to develop new ways of raising income. We were very successful in raising the funding required to open our new Mencap Centre in Belfast. Nearly half of the £4.6m cost of building and equipping the centre was donated by major donors and by our Big Step Forward appeal, with the rest coming from a grant from

the Department of Health, Social Services and Public Safety in Northern Ireland. With the support of the Pears Foundation, we are building a major donor philanthropy programme. This year we were very fortunate to be one of the larger beneficiaries of the annual Lord Mayor's appeal, led by the Lord Mayor of London. Through this appeal we have built relationships with the City which we plan to develop further.

We are testing out direct response TV and also looking at how we can more clearly spread our message about what we do and what we stand for to supporters and the public. Our biggest project for fundraising in 2016/17 is to open a chain of charity shops. We plan to open 10 shops this year, growing to 110 over 5 years. Although the main reason for doing this is to diversify our income, we also believe that being more visible in communities will help to raise awareness about Mencap and learning disability.

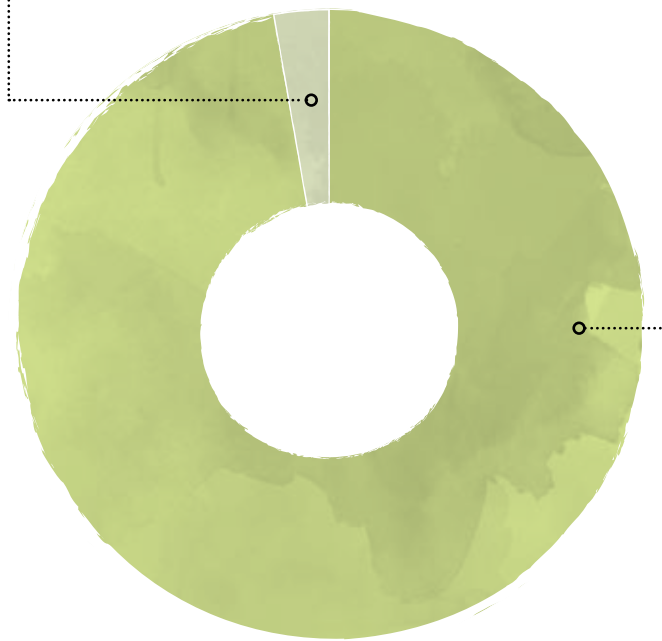
Income total – £191.3m

Charitable activities – £162.5m
Rental income – £13.3m
Donations and legacies – £14.3m
Other trading activities – £1m
Investments – £0.2m



Expenditure total – £183.9m

Raising funds – £4.1m
Charitable activities – £179.8m
(made up of supporting people £172.5m, raising awareness and changing attitudes £5.8m, governance £0.7m and other £0.8m)



Financial review

The largest part of our income (£162.5m) is made up of receipts for the provision of direct service delivery, and includes income from central and local government contracts. This directly supports 5,286 people through 24-hour care, support to live independently in the community and support to find work. Our focus continues to be delivering support to the highest quality standard that we can, using the resources available as efficiently as possible. The partnership between Golden Lane Housing (GLH) and Mencap enables a more personal approach, working with people we support, families and funders to provide a housing and support package that offers the best possible quality of life. GLH has been innovative in raising finance to provide housing for people

with a learning disability and in 2015-16 were able to house 225 more people, of which 83 are supported by Mencap.

We raised £14.3m from fundraising activities (£11.8m in 2014-15). Legacies continue to be a major source of income (£7.9m 2015-16; £6.2m 2014-15) and we are very grateful that people continue to remember us in their will. The Big Step Forward and Lord Mayor's appeal contributed to the rest of the growth in income.

Our net movement in funds in 2015-16 was an increase of £10.6m. £7m of this was operating surplus, with the remainder coming from a reduction in the accounting estimate of our defined benefit pension scheme liability.

Additionally, we contributed £4.2m to reduce the deficit of our pension in the year, resulting in a total reduction in the liability of £6.8m.

In total, we have £16.2m in cash, of which £8.6m relates to Mencap. In 2018 GLH is due to repay the bond issued in 2013 and so is setting aside cash for this. Mencap will need to invest some cash in setting up our charity shops. We believe that our cash position will allow us to do these things and continue to operate effectively. At 31 March 2016 we held reserves of £65.6m, of which £23.9m relate to Mencap, with the majority of the remainder held by GLH.

Recognising the individual charities

Royal Mencap Society's financial and risks, reserves and investment policies are all interlinked.

Our risks highlight the need for reserves, and our financial management then determines how working capital is managed and how investment decisions are made.

Our policies also recognise that the Royal Mencap Society group comprises two separate and distinct charities:

- Royal Mencap Society (Charity)
- Golden Lane Housing Limited (Golden Lane Housing)

Each charity has its own board of trustees that is accountable to its beneficiaries in meeting its respective charitable objectives. It should be noted that Royal Mencap Society has no automatic right to the gross assets or reserves of Golden Lane Housing.

Each charity has different tasks, needs and financial management policies. The financial management objectives and reserves policies reflect the policies of the separate charities, rather than being a single group policy. Annually, each board of trustees considers what resources will be required to meet long-term objectives and obligations and what the risks are to achieve the desired outcomes.

Reserves policy for Mencap

Reserves are maintained at a level that enables Mencap to manage financial risk and short-term income volatility.

They allow the charity to sustain optimal levels of service delivery over the long-term, ensuring that financial commitments can be met as they fall due.

At 31st March 2016 the charity's reserves were £23.9m.

£8.4 million (2014-15: £7.9 million) are restricted funds and not available for general purposes of the charity at the end of March 2016.

The trustees have set a target range of free reserves based upon an analysis of the potential financial impacts of significant risks. These were identified through Mencap's risk management framework, weighted for likelihood and impact.

Free reserves are unrestricted reserves, except for those elements that can only be realised by disposing of tangible or intangible fixed assets or programme related investments.

| Free Reserves | 31 March 2016 £'000 | 31 March 2015 £'000 |
|------------------------------------|------------------------|------------------------|
| Unrestricted reserves | 15,509 | 7,052 |
| Less pension provision | 20,536 | 27,346 |
| Less unrestricted net fixed assets | (16,400) | (15,462) |
| Free reserves | 19,645 | 18,936 |

Free reserves of £19.6 million compare to target reserves of £9.7 million. The charity plans to bring the two closer together through a combination of investment in strategic priorities (£5.1 million in 2016-17) and by opening a chain of retail stores, which will require initial investment.

The pension deficit is excluded from the free reserves calculation. A payment plan has been agreed with the pension trustees. This commitment is taken into account in all our financial planning, including the anticipated and targeted levels of reserves.

Golden Lane Housing has designated certain unrestricted funds for specific purposes. Details of Golden Lane Housing's reserves policy can be found within their accounts. Mencap does not have any designated reserves under its own reserves policy.

Investment policy and performance

The investment policy is designed to support the reserves policy.

Mencap has adopted a prudent investment policy to balance potential returns with appropriate levels of risk.

Investment objectives for the year were set by the trustees as follows:

- Mencap – assets to maintain value;
- Mencap Visiting Service – assets are sufficient to cover the liabilities of the scheme.

Investment performance during the year was in line with these objectives

Mencap has two investment portfolios. One relates to the Mencap Visiting Service and is designed to provide a long-term real return so that the service can continue to operate for as long as the beneficiaries need it. It invests 70% of assets in equities and 30% in bonds. In the year to 31 March 2016, the performance of the portfolio has fallen by 5.15% which compares to a fall of 1.9% in the benchmarks against which it is measured. The portfolio has a long time horizon and trustees monitor performance regularly to make sure that the assets will be sufficient to meet the needs of the service.

The other investment portfolio forms part of Mencap’s unrestricted reserves and is invested for the medium term. Its objective is to provide a medium term real return while minimising risk. This portfolio is largely invested in cash and fixed interest assets. In the year to 31 March 2016 the performance of the portfolio increased by 1.19%.

Details on Golden Lane Housing’s investment policy can be found within their accounts.

Risk management and internal control

Risks are identified and assessed at an operational, project and corporate level, against the agreed strategic aims and objectives. The board of trustees review key risks in specific areas and significant changes in risks. All board papers include a risk assessment in their cover sheet to draw out the key risks and mitigations. A comprehensive review of Mencap’s risk register has been carried out to provide an organisational overview.

The board of trustees oversee strategic risks annually with additional operational risk assessment through delegation to the audit and risk committee. The committee is satisfied with the processes for identifying, managing and reporting risk at this operational level and PwC provide independent assurance as our internal audit function.

Risk control is exercised appropriately by executive directors who review risks regularly, formally and collectively on a quarterly basis.

We have been developing our thinking on risk and have identified six principle risks faced by the organisation. All activity is reviewed in the context of these risks.

Details on Golden Lane Housing’s approach to risk can be found within their accounts.

| Principle risks | What the risks mean to Mencap | How we manage the risks |
|--------------------------------------|--|---|
| Maintaining quality of services | The risk is that the safety and wellbeing of the people we support is affected because we don’t have adequate systems and processes in place. | We make sure our staff are trained. We regularly check that people and processes are working. |
| Maintaining financial sustainability | The risk is that we don’t have sufficient income to operate and that we don’t have plans in place to manage the pension deficit. | We have regular forecasts of cash and have borrowing facilities in place. We have a robust budgeting process. We have a collaborative approach with the pension trustees. |
| Governance and strategy | The risk is that we don’t have the right governance structures in place to drive our strategy, and that it doesn’t improve the lives of people with a learning disability. | We regularly review our governance structures and performance. We have processes in place to lead strategic change and we are developing our ability to measure the impact we make. |
| People capability and capacity | The risk is that talented staff are not attracted, developed and retained in a competitive labour market. | We regularly review recruitment processes. We embed our values in appraisal and training. We benchmark our pay and benefits across the sector. |
| Systems and infrastructure | The risk is that we do not have IT systems that meet our needs. | We have a programme of work to upgrade our systems. |
| External influence and perception | The risk is that people do not understand our core purpose because our messaging is not clear. | We have a clear five year plan and are developing an appropriate brand strategy to support that plan. |

Going concern and statement of public benefit

Going concern

Mencap is well placed to manage the business risks we face. This position is supported by a strong cash flow, a sufficient level of reserves, a good relationship with our key funders and proven ability to retain and secure new services.

We therefore have a reasonable expectation that we have sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of Mencap to continue as a going concern.

Our planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligations and have a clear strategy to manage

the deficit, which includes a deficit reduction plan that is designed to get the scheme to self sufficiency by 2028, subject to continued discussion and agreement with the pension scheme trustee board.

Statement of public benefit

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have regard to the Charity Commission’s general guidance on public benefit, “Charities and Public Benefit”.

Mencap’s charitable objects are enshrined within its memorandum and articles and as such the trustees ensure that the charity’s activities are carried out for the public benefit through its strategic priorities. This is done primarily through the delivery of services aimed at all those with a learning disability. This report allows us to show how our charitable funds are spent and the impact and benefits that has on those using our services, as well as the wider impact on society.

Reference and administration details

The trustees of Royal Mencap Society are the charity's trustees under charity law and the directors of the charitable company.

Trustees

Derek Lewis, chair
Geoff Alltimes
Janet Brown
Professor Richard Hastings
(resigned 17 April 2015)
Elaine Hindal (appointed 9 November 2015)
Katie Hollier
Stephen Jack OBE
Andrew Nebel (appointed 1 January 2016)
John Phillips MBE
Linda Redford
George Venus
Graham Williams
Andrew Wilson (appointed 12 October 2015)

President

The Lord Rix Kt CBE DL

Vice presidents

Brian Baldock CBE
Sir George Bull Kt
Barrie Davis
Dame Pauline Harris DBE
Alan Hill
Michael Mackey MVO BEM
Dame Norma Major DBE
Lord Wigley
Leslie Wooster
Sir Alan Yarrow

Administrative details

The full name of the charity is Royal Mencap Society. The registered charity number is 222377 (England and Wales) and SC041079 (Scotland).

The company registration number is 550457.

Registered office: 123 Golden Lane, London, EC1Y 0RT.

Chief executive: Janine Tregelles

Company secretary: Oonagh Smyth, director of governance and strategy (appointed 15 April 2013).

The day-to-day management of the charity is delegated by the trustees to the chief executive Jan Tregelles and her executive team.

Independent auditor: Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH.

Bankers: Barclays Bank Plc, Level 28, 1 Churchill Place, London, E14 5HP.

Solicitors: Laytons, Carmelite, 50 Victoria, Embankment, Blackfriars, London, EC4Y 0LS.

Investment managers: Aberdeen Asset Management, Bow Bells House, 1 Bread Street, London, EC4M 9HH and Investec Wealth & Investment Limited, Unit 4, The Billings, 3 Walnut Tree Close, Guildford, GU1 4UL.

Objects

The objects of the charity as stated within the articles of association are the relief of people with learning disability, their families, dependents and carers in need, such relief to be by any and every means.

Structure, governance and management

Structure

Royal Mencap Society is a company (registration number 550457) limited by guarantee and a registered charity regulated by the Charity Commission (registered number 222377) and with the Office of the Scottish Charity Regulator (registered number SC041079).

The results of the subsidiaries of the Royal Mencap Society group are disclosed in note 16 of the accounts. A brief description of each subsidiary is as follows:

Golden Lane Housing (GLH)

GLH is an independent charity with its own independent board of trustees. It specialises in finding suitable homes for people with a learning disability.

GLH was launched by Royal Mencap Society in 1998 and helps people with a learning disability in England and Wales choose their own homes and become tenants. It also gives information, advice and guidance to hundreds of families every year. During 2015-16, Golden Lane Housing became a Registered Provider, regulated by the Homes and Communities Agency.

For more information on GLH and what it does, call 0845 604 0046 or go to www.glh.org.uk

Mencap Trust Company Limited (MTC)

MTC was established in 1976 to lessen the worry parents have for a vulnerable family member by helping them make arrangements to provide for that family member in the future. We have helped over 2,500 families and manage around 220 discretionary trusts for people with a learning disability and autism, with over 700 trust deeds awaiting activation.

MTC works in partnership with investment, tax and legal experts to provide a professional service, managing trusts for people with a learning disability. For more information about Mencap Trust Company, go to www.mencap.org.uk/mencaptrustcompany

The Adcare Foundation Limited

Following the transfer of Adcare's activities to Royal Mencap Society, The Adcare Foundation ceased trading on 31 October 2014 and was formally dissolved on 18 August 2015.

Mencap Limited

Mencap Limited is a trading subsidiary which sells merchandise via a catalogue.

Mencap Promotions Limited

Mencap Promotions Limited is a trading subsidiary which manages promotional and other sponsored events.

Blue Sky Housing

Blue Sky Housing is a dormant property development subsidiary.

Governance

Royal Mencap Society is committed to maintaining the highest standards of governance and has determined that the organisation should comply with the principles outlined in the Code of Governance for Voluntary Organisations, which is approved by the Charity Commission.

In line with Royal Mencap Society's commitment to follow the highest standards of governance, the board considered the Public Administration and Constitutional Affairs Committee report on the closure of Kids Company. The recommendations of the committee will be considered again as part of the regular governance review due to take place in 2017.

Ultimate responsibility for governance of Royal Mencap Society is entrusted to the trustee board which consists of up to 12 trustees and the chair. As set out in the articles of association, at least half of our trustees have personal, voluntary or professional experience of learning disability. At least two trustees are persons with a learning disability. Trustees are appointed for a four-

year term of office and can serve two terms in total. The trustees are also our Companies Act members.

A skills audit of board members is undertaken regularly, gaps identified and new trustees recruited on the basis of the skills and experience they bring to the board. The nominations committee has oversight of the recruitment process and recommends any new appointments to the board.

For new trustees, Royal Mencap Society has a wide-ranging induction programme. This is also offered to committee members and other trustees throughout the year. The programme includes visits to some of our services and local groups, meetings with the chief executive and chair on our governance, strategy, the role and duties of trustees, company and charity law and the management of finances and risk. Further training and development is offered individually or to the board as a whole as required.

New trustees are given a governance handbook which outlines the main policies and the governance structure of Royal Mencap Society. The handbook uses the governance code as a framework.

Management

There are clear distinctions between the role of trustees and the executive team. The board of trustees holds a range of reserved matters and delegates certain authority to the executive team in order to run the organisation efficiently. Matters such as policy, strategy and budgets are prepared by the executive team for consideration and approval by the trustees, who then monitor the implementation of these plans.

There are a number of board committees with clear terms of reference and role descriptions for members. They all have trustee members and some have co-opted members who are appointed for their particular skills and knowledge.

The committees include:

- **Audit and risk – which monitors the control and risk management systems, assures trustees of risk management and monitors and reviews the effectiveness of the internal and external audit functions.**
- **Finance, planning and remuneration –**

which ensures the board receives the appropriate financial information for planning, performance monitoring and major decisions.

- **Nominations – which provides oversight of the composition and balance of the board of trustees and its committees. They also oversee recruitment as well as assessing and recommending new trustee and committee appointments to the board.**
- **Quality and compliance – which monitors the organisation’s compliance with quality and regulatory requirements, and progress in relation to delivering high quality and innovative services.**

All of the committees have clear terms of reference which are reviewed annually. The minutes of the meetings are made available to all trustees on a timely basis. The committees meet at least once a quarter.

Senior remuneration

Working in this sector, we believe it is important to be transparent about the pay levels of our senior colleagues and how we set those salaries. We are committed to working closely with the National Council for Voluntary Organisations (NCVO), Association of Chief Executives of Voluntary Organisations (ACEVO) and others in ensuring there are high standards across the sector in regard to this.

Our senior reward approach encompasses two main factors:

- **Internal job evaluation, which is weighted by the distinct elements of roles and allows for internal comparison of roles within different job families, e.g. operational management, business support, fundraising, etc.**
- **External pay benchmarking via the use of market data taken from sector pay surveys and reports.**

We generally use the market median in the charity sector as rule of thumb for setting salaries. Some flexibility is applied to take into consideration the specific requirements for each post and to ensure we can recruit the best candidate possible to meet the needs of our beneficiaries.

All senior staff receive ongoing performance management and an annual feedback report and appraisal. This provides feedback from the chief executive, their peers and teams about how they have contributed to the achievement of our strategy and any personal development areas they may have.

Our executive team remuneration in the year to 31 March, including basic pay, pension and benefits, was as follows:

| Role | Remuneration to 31 March 2016 | Remuneration to 31 March 2015 |
|---|-------------------------------|-------------------------------|
| Chief executive | £147,437 | £146,707 |
| Chief financial officer | £127,260 | £126,630 |
| Director of marketing and engagement ¹ | £29,205 | – |
| Director of external relations and communities ² | – | £136,556 |
| Director of fundraising ² | – | £101,049 |
| Director of direct services | £110,107 | £109,583 |
| People director | £90,300 | £84,420 |
| Director of governance and strategy | £87,021 | £85,761 |
| Director of quality | £86,366 | £80,761 |

1. Joined 4 January 2016
2. Left 31 December 2014

Volunteers

During the year, Mencap had 1,156 volunteers. Volunteers are used across a range of activities. This year we had:

- **219 participating in fundraising**
- **254 assisting across our direct services**
- **683 supporting us across a range of other projects.**

Employee involvement and employment of people with a disability

More than ever, colleagues are involved in shaping strategy. They’re asked for their views on what we should be doing for people with a learning disability, as well as how we can make this organisation a great place to work.

In the last year, colleagues have been involved in:

- **electing peer representatives in national and business unit consultative forums**
- **participating in key questionnaires and focus groups**
- **engagement sessions with our chief executive, which delve into our strategic activities**
- **contributing to the development of new human resource policies**
- **utilising their direct experience of learning disability – as media spokespeople, campaigners and trainers.**

We have a range of detailed human resource policies to support our charitable and business objectives which are reviewed regularly and ensure compliance with employment legislation. In accordance with our diversity policy, Royal Mencap Society has long-established fair employment practices for the recruitment, retention and training of staff with disabilities.

As of 31 March 2016, there were 144 people with a declared disability on Mencap’s payroll, including 91 people with a learning disability. Inclusion is very important to us and Mencap is focusing on expanding opportunities for employees to inform and influence the successful evolution of the organisation.

Statement of trustees' responsibilities

The trustees (who are also directors of Royal Mencap Society for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the trustees to prepare financial statements for each financial year. 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company/group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and

the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Insofar as each of the trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' report, under the Charities Act 2011 and the Companies Act 2006, was approved by the board of trustees on 28 July 2016, including approving in their capacity as company directors the strategic report contained therein, and is signed as authorised on its behalf by:


Derek Lewis, chair


Graham Williams, trustee

Independent auditor's report

Independent auditor's report to the members and trustees of Royal Mencap Society

We have audited the financial statements of the Royal Mencap Society for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities incorporating the income and expenditure account, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the related notes numbered 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purpose 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 as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

N. Hashemi
Naziar Hashemi
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

1/8/16

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2016 (incorporating the income and expenditure account)

| | Notes | Unrestricted funds £'000 | Restricted funds £'000 | Total funds 2016 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total funds 2015 £'000 |
|---|-------|-----------------------------|---------------------------|------------------------------|-----------------------------|---------------------------|------------------------------|
| Income from: | | | | | | | |
| Donations and legacies | 2 | 11,474 | 2,823 | 14,297 | 9,087 | 2,682 | 11,769 |
| Charitable activities | 3 | 158,967 | 3,570 | 162,537 | 160,992 | 4,556 | 165,548 |
| Other trading activities | 4 | 992 | - | 992 | 899 | - | 899 |
| Investments | 5 | 82 | 114 | 196 | 85 | 3 | 88 |
| Rental income | | 13,306 | - | 13,306 | 12,340 | - | 12,340 |
| Gain of disposal of fixed assets | | - | - | - | 1,007 | - | 1,007 |
| Total | | 184,821 | 6,507 | 191,328 | 184,410 | 7,241 | 191,651 |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | 3,509 | 578 | 4,087 | 4,117 | 154 | 4,271 |
| Charitable activities | 7 | 174,756 | 5,028 | 179,784 | 176,347 | 9,178 | 185,525 |
| Losses on disposal of fixed assets | | 28 | - | 28 | - | - | - |
| Total | | 178,293 | 5,606 | 183,899 | 180,464 | 9,332 | 189,796 |
| Net gains/(losses) on investments | 14 | 15 | (424) | (409) | 114 | 402 | 516 |
| Net income/(expenditure) | | 6,543 | 477 | 7,020 | 4,060 | (1,689) | 2,371 |
| Transfers between funds | | (13) | 13 | - | (372) | 372 | - |
| Other recognised gains/(losses): | | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 24 | 3,531 | - | 3,531 | (2,276) | - | (2,276) |
| Net movement in funds | | 10,061 | 490 | 10,551 | 1,412 | (1,317) | 95 |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 28,766 | 26,260 | 55,026 | 27,354 | 27,577 | 54,931 |
| Total funds carried forward | | 38,827 | 26,750 | 65,577 | 28,766 | 26,260 | 55,026 |

Consolidated balance sheet as at 31 March 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Intangible assets | 13 | 1,463 | 1,940 |
| Tangible assets | 12 | 104,624 | 98,414 |
| Investments | 14 | 11,357 | 12,048 |
| Total fixed assets | | 117,444 | 112,402 |
| Current assets | | | |
| Debtors | 17 | 22,637 | 20,639 |
| Stock | | 39 | 28 |
| Cash at bank and in hand | | 16,189 | 18,400 |
| Total current assets | | 38,865 | 39,067 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 18 | (17,089) | (19,183) |
| Net current assets or liabilities | | 21,776 | 19,884 |
| Total assets less current liabilities | | 139,220 | 132,286 |
| Creditors: amounts falling due after more than one year | 19 | (46,539) | (42,509) |
| Provisions for liabilities | 21 | (6,568) | (7,405) |
| Net assets or liabilities excluding pension asset or liability | | 86,113 | 82,372 |
| Defined benefit pension scheme liability | 24 | (20,536) | (27,346) |
| Total net assets or liabilities | | 65,577 | 55,026 |
| The funds of the group: | | | |
| Restricted income funds | 23 | 26,750 | 26,260 |
| Unrestricted funds | | 52,857 | 49,493 |
| Designated funds | | 6,506 | 6,619 |
| Pension reserve | | (20,536) | (27,346) |
| Total unrestricted funds | 23 | 38,827 | 28,766 |
| Total group funds | | 65,577 | 55,026 |

These financial statements were approved by the trustees on 28 July 2016 and signed on their behalf by:


Derek Lewis, chair


Graham Williams, trustee

The notes on pages 61 to 94 form part of these financial statements

Charity balance sheet as at 31 March 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Intangible assets | 13 | 1,422 | 1,852 |
| Tangible assets | 12 | 19,250 | 16,764 |
| Investments | 14 | 11,357 | 12,048 |
| Total fixed assets | | 32,029 | 30,664 |
| Current assets | | | |
| Debtors | 17 | 25,980 | 25,415 |
| Cash at bank and in hand | | 8,585 | 13,353 |
| Total current assets | | 34,564 | 38,768 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 18 | (14,542) | (16,989) |
| Net current assets or liabilities | | 20,022 | 21,779 |
| Total assets less current liabilities | | 52,051 | 52,443 |
| Creditors: amounts falling due after more than one year | 19 | (1,047) | (2,728) |
| Provisions for liabilities | 21 | (6,565) | (7,405) |
| Net assets or liabilities excluding pension asset or liability | | 44,439 | 42,310 |
| Defined benefit pension scheme liability | 24 | (20,536) | (27,346) |
| Total net assets or liabilities | | 23,903 | 14,964 |
| The funds of the charity: | | | |
| Restricted income funds | | 8,394 | 7,912 |
| Unrestricted funds | | 36,045 | 34,398 |
| Pension reserve | | (20,536) | (27,346) |
| Total unrestricted funds | | 15,509 | 7,052 |
| Total charity funds | | 23,903 | 14,964 |

These financial statements were approved by the trustees on 28 July 2016 and signed on their behalf by:


Derek Lewis, chair


Graham Williams, trustee

Consolidated statement of cash flows for the year ended 31 March 2016

| | 2016 £'000 | 2015 £'000 |
|--|----------------|----------------|
| Cash flows from operating activities: | | |
| Net cash provided by (used in) operating activities (see below) | 909 | 905 |
| Cash flows from investing activities: | | |
| Dividends, interest and rents from investments | 196 | 88 |
| Proceeds from the sale of property, plant and equipment | 1,160 | 7,104 |
| Purchase of property, plant and equipment | (8,955) | (7,736) |
| Proceeds from sale of investments | 1,890 | 1,196 |
| Purchase of investments | (1,607) | (6,283) |
| Shared investment contribution | 21 | (19) |
| Net cash provided by (used in) investing activities | (7,295) | (5,650) |
| Cash flows from financing activities: | | |
| Repayments of borrowing | (2,425) | (217) |
| Cash inflows from new borrowing | 6,600 | 3,917 |
| Net cash provided by (used in) financing activities | 4,175 | 3,700 |
| Change in cash and cash equivalents in the reporting period | (2,211) | (1,045) |
| Cash and cash equivalents at the beginning of the reporting period | 18,400 | 19,445 |
| Cash and cash equivalents at the end of the reporting period | 16,189 | 18,400 |

Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Net income for the reporting period (as per the statement of financial activities) | 7,020 | 2,371 |
| Adjustments for: | | |
| Depreciation and amortised charges | 2,013 | 1,565 |
| Losses on investments | 409 | (516) |
| Dividends, interest and rents from investments | (196) | (88) |
| Defined benefit pension expense | 963 | 3,078 |
| Loss/(profit) on the sale of fixed assets | 28 | (1,007) |
| Increase in stocks | (11) | (3) |
| Increase in debtors | (1,998) | (691) |
| Decrease in creditors (excluding loans) | (2,239) | (2,813) |
| Increase/(decrease) in provisions | (837) | 1,128 |
| Defined benefit pension deficit reduction | (4,243) | (2,119) |
| Net cash provided by operating activities | 909 | 905 |

Analysis of cash and cash equivalents

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Cash in hand | 163 | 181 |
| Notice deposits (less than 3 months) | 16,058 | 18,287 |
| Overdraft facilities repayable on demand | (32) | (68) |
| Total cash and cash equivalents | 16,189 | 18,400 |

1. Accounting policies

(a) Company information

Royal Mencap Society is a public benefit entity registered as charity in England and Wales and a company limited by guarantee. It was incorporated on 9 June 1955 (company number: 550457) and registered as a charity on 23 July 1964 (charity number: 222377). It is also registered with the Office of the Scottish Charity Regulator on 11 December 2009 (charity number: SC041079).

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association (last amended 15 October 2014).

In the event of the company being wound up, members are required to contribute an amount not exceeding £1 each.

The registered office of Royal Mencap Society is: 123 Golden Lane, London EC1Y 0RT.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015. The date of transition to FRS 102 was 1 April 2014 and in preparing the financial statements, the trustees have considered whether the accounting policies required by the standard require the restatement of comparative information.

Full details of adjustments arising on the transition to FRS 102 are disclosed in note 26.

The financial statements have been prepared consolidating the results of the charity and its subsidiary Golden Lane Housing Limited, a charitable company of which the charity is the sole member (company number: 03597323). Both charities within the Mencap group are separately registered and governed by their own Memoranda and Articles of Association.

Additionally, the charity's other trading subsidiaries as disclosed in the accounts are fully consolidated, as in all cases the charity is the sole member.

After reviewing the group's forecasts and projections, the trustees consider that the group is well placed to manage the business risks it faces. This position is supported by a strong cash flow, a sufficient level of reserves, a good relationship with key funders and the proven ability to retain and secure new services. The trustees therefore have a reasonable expectation that the group has sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of the group to continue as a going concern. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The group's planning processes, including financial projections, take into consideration the current economic climate and its potential impact on various sources of income and planned expenditure. The trustees acknowledge the group's pension fund obligations and have a clear strategy to manage the deficit, which includes a deficit reduction plan that is designed to get the scheme to self sufficiency by 2028, subject to continued discussion and agreement with the trustees of the pension scheme.

(c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in this note, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

Significant areas of estimate and judgement include provisions, assumptions used to value the defined benefit pension scheme and the remaining useful life of assets. Related accounting policies for these items are noted below.

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the presentation of the financial statements are as follows:

(d) Income

All income is accounted for when Mencap has entitlement, there is probability of receipt and the amount is measurable.

Legacies

Legacies are accounted for when notified, providing the amount can be reliably measured and that ultimate receipt is probable. Legacies which include a life interest held by another party are recognised on notification of probate.

Gifts in kind

Donated goods and services are included as income within the statement of financial activities (with an equivalent amount in expenditure) at the estimated value to Mencap, where this is reasonably quantifiable, measurable and material.

Assets given for use by Golden Lane Housing Limited have been recognised as incoming resources when they become receivable, and included either in fixed assets when they are received or in other debtors if they have not yet been received. The basis for valuation is the market value at the time of purchase.

Grants

Grant income is recognised in the statement of financial activities when received or when the charity becomes entitled to receipt. Grants that have been received will be treated as deferred income where there are specific requirements in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period.

(e) Expenditure

i) Activity related expenditure

The charity's cost of operating includes staff costs, rent and other related costs. Costs are allocated

between raising funds (costs of raising funds, investment and management costs and trading costs of subsidiaries); charitable activities (supporting people, raising awareness and changing attitudes, and governance); and support. All costs are accounted for on an accruals basis.

ii) Basis of allocation of support costs

Support costs are allocated to the different categories of activities. This is based on a judgement of the percentage the specific activity represents in relation to the total non-support expenditure.

Support costs include processing and administration, budgeting and accounting, quality assurance, human resources and information technology.

Governance costs other than those disclosed specifically in the notes to these accounts are included within support costs and allocated on the same basis.

iii) Pension costs

Mencap pension scheme (defined benefit)

The Mencap defined benefit scheme was closed to new entrants on 1 October 2001 and closed to future service benefit accrual, with effect from 31 March 2009.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method. They are discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial assumptions are reviewed every three years.

The valuation is updated at each balance sheet date and the resulting defined benefit asset or liability is shown separately after other net assets on the face of the balance sheet. This defined benefit asset or liability is also disclosed separately within the unrestricted funds.

The amounts charged to the statement of financial activities are the current service costs, which are included within staff costs, and gains and losses on settlements and curtailments. Past service costs are recognised immediately if the benefits have vested. Defined actuarial gains and losses are recognised under other recognised gains and losses.

The defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds.

If members of the defined benefit pension schemes have not yet retired, their costs are recognised over the period leading to retirement. Further details of the nature of these costs are given in note 24: pension scheme.

Other defined benefit scheme

Mencap also participates in a number of local government pension schemes in relation to a small number of staff who have transferred over to Mencap. Mencap participates in these schemes by way of admission agreements. Full provision has been made according to FRS 102 in the financial statements in relation to two of the schemes. However, as the liability is not material, disclosure has been limited so as not to distort or overstate the importance of these schemes.

Defined contribution scheme

The charity also contributes to a defined contribution scheme, which was opened on 1 April 2002. This is currently operated by BlackRock.

For the defined contribution scheme, the amount charged to the statement of financial activities in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The cost of the charity's contributions to the defined contribution scheme is allocated between restricted and unrestricted funds, in accordance with the functions of the individual employees to whom the contributions relate.

iv) Redundancy and termination costs

Employee benefits paid on redundancy or termination include accrued amounts where Mencap is demonstrably committed to make these payments but they had not yet been made at 31 March 2016. All accrued amounts are fully funded and expected to be settled within 12 months of the balance sheet date.

(f) Tangible and intangible fixed assets

Tangible fixed assets

Office properties are held at professional valuation. Residential property is held at cost, less contributions from individuals and their families where applicable. The professional valuation exercise for freehold and leasehold property assets does not separately identify land.

Shared investment contributions are accounted for where individuals or families have a right to an equity share of the property on disposal, including any resulting profit or loss.

Depreciation is provided so as to write off the cost of the assets net of any shared investment contributions in equal instalments over the estimated useful lives of the assets. The depreciation rates used for other assets are as follows:

- Freehold and leasehold land and buildings: 1% - 10% per annum
- Fixtures, fittings and equipment: 10% - 33% per annum
- Motor vehicles: 25% per annum

Tangible fixed assets costing more than £2,000 are capitalised.

Assets under construction is a category holding assets pending completion and transfer into the relevant fixed asset category. These assets are capitalised at cost and not subject to depreciation or impairment unless extraordinary circumstances have occurred which would require provision to be made.

All other tangible fixed assets are subject to review for impairment/accelerated depreciation where there is an indication of a reduction in their carrying value. Any impairment/accelerated depreciation is recognised in the statement of financial activities in the year in which it occurs.

Property assets which are anticipated to be disposed of within a year of the balance sheet date are accounted for as investments.

Intangible fixed assets

Intangible fixed assets costing more than 2,000 are capitalised.

Amortisation is provided so as to write off the cost of the assets in equal instalments over the estimated useful lives of the assets. The amortisation rates used are as follows:

- Software: 33% per annum

Component accounting - Golden Lane Housing

In accordance with FRS 102, Golden Lane Housing Limited recognises and depreciates tangible fixed assets using component accounting. As a result, it uses a separate and more detailed set of depreciation rates as follows:

- Freehold and long leasehold buildings (structure only) over 100 years: 1% per annum
- Capitalised leasehold buildings (structure only) less than 100 years: over the term of the lease

- Bathrooms: 3.33% per annum
- Kitchens: 5% per annum
- Boilers: 6.67% per annum
- Central heating: 3.33% per annum
- Roofs: 1.67% per annum
- Externals (fascias, soffits): 3.33% per annum
- Doors: 3.33% per annum
- Windows: 3.33% per annum
- Electrics (rewire): 3.33% per annum
- Capitalised data system software: 20% per annum
- Capitalised fixtures and fittings: 10% per annum

Contingent liabilities over freehold land and buildings

A number of properties have been acquired over the past years with resources provided by local councils. Some of these properties held are subject to a separate charge that requires either a share or all of the proceeds on sale to be returned to the local councils, if the specific properties do not continue to be used for their current purpose. As there is currently no intention to stop using these assets for their current use, the potential liability has not been recorded in the balance sheet.

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method, so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term which runs to the date of the first relevant break clause.

(g) Current assets and liabilities

Stock

Stock, which comprises stationery and goods for resale, is stated at the lower of cost and net realisable value.

Provisions – general

Provision is made for present obligations where it is probable settlement will be required in the future and the amount can be estimated reliably, but the amount or timing is not certain. Most amounts provided for are expected to be settled within 12 months and are therefore recognised at the estimated settlement amount.

Provisions – Mencap Visiting Service

Provision is made to cover the estimated future liability in respect of the Mencap Visiting Service. In estimating the provision, account is taken of the estimated number of years that the service will be

provided to individuals as well as estimated future inflation rates and rates of return on investments associated with the scheme. The discount rates used in calculating this liability are consistent with rates used in determining our defined benefit pension liability. Investments held by Mencap to cover the liability of providing the Mencap Visiting Service are held in trust for this purpose.

Deferred income

Grants that have been received will be treated as deferred income where there is a specific requirement in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period(s).

(h) Basic financial instruments

Financial assets (including cash and debtors) and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently remeasured where applicable at amortised cost, except for investments which are measured at fair value with gains and losses recognised in the statement of financial activities.

Financial assets include cash, trade debtors, intercompany debtors, other debtors and accrued income.

Financial assets held at fair value include investments.

Financial liabilities include trade creditors, other creditors, finance leases, bonds, loans and accruals.

(i) Funds

The charitable companies within the group maintain various types of fund, as follows:

- Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charities for particular purposes.
- Unrestricted funds are funds which are expendable at the discretion of the trustees in furtherance of the objects of the charities.
- Designated funds are unrestricted funds which have been set aside by the trustees of the charities for specific purposes. The aim and use of each designated fund is set out in the notes to the financial statements along with estimated timescales as to when the funds will be spent.

2. Donations and legacies

| | Restricted funds £'000 | Unrestricted funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|---------------------------|-----------------------------|------------------------|------------------------|
| (a) Donations | 827 | 3,568 | 4,395 | 3,065 |
| Total donations income | 827 | 3,568 | 4,395 | 3,065 |
| (b) Legacies | 380 | 7,476 | 7,856 | 6,198 |
| Total legacies income | 380 | 7,476 | 7,856 | 6,198 |
| (c) Trust fund | | | | |
| Awards for All | 9 | - | 9 | - |
| Bailey Thomas Charitable Trust | 15 | - | 15 | - |
| BBC Children in Need | 15 | - | 15 | 31 |
| BBC Children in Need - Play Our Way | 34 | - | 34 | 29 |
| Beatrice Laing Trust | 40 | - | 40 | - |
| Bedfordshire & Luton Community Foundation | - | - | - | 5 |
| Carnegie UK Trust | 5 | - | 5 | - |
| Comic Relief Older Voices | - | - | - | 10 |
| David & Claudia Harding | - | 10 | 10 | - |
| Edith Murphy Foundation | 5 | - | 5 | - |
| Eleanor Harvey CT | - | 6 | 6 | - |
| Gale Family Trust | - | - | - | 5 |
| JP McManus Charitable Trust | 7 | - | 7 | - |
| Kathleen Laurence CT | - | - | - | 25 |
| Mclay Foundation | - | - | - | 50 |
| Middlesbrough Council | 17 | - | 17 | - |
| Oliver Ford Will CT | 10 | - | 10 | - |
| Pears Foundation | 50 | - | 50 | 25 |
| Peoples Postcode Lottery | 20 | - | 20 | - |
| Sharegift | - | 5 | 5 | - |
| Sir James Knott Charitable Trust | - | - | - | 5 |
| Talbot Village Trust | 10 | - | 10 | - |
| TBF & KL Thompson Trust | 13 | - | 13 | - |
| The Batchworth Trust | 10 | - | 10 | - |
| The Foyle Foundation | 40 | - | 40 | - |
| The Harpur Trust | 30 | - | 30 | - |
| The Pilkington Charities | 5 | - | 5 | - |
| The RH Scholes Trust | - | 5 | 5 | - |
| The Rory Foundation | 125 | - | 125 | - |
| The Shears Foundation | - | - | - | 5 |
| The Will Charitable Trust | 7 | - | 7 | - |
| The Wolfson Foundation | - | - | - | 71 |
| Thompson | - | - | - | 15 |
| Torbay Older Carers | - | - | - | - |

| | Restricted funds £'000 | Unrestricted funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---------------------------|---------------------------|-----------------------------|------------------------|------------------------|
| Ulster Garden Village | 200 | - | 200 | - |
| Wooden Spoon | 67 | - | 67 | - |
| Zochonis Charitable Trust | 35 | - | 35 | 35 |
| Sub-total | 769 | 26 | 795 | 311 |
| Other | 60 | 49 | 109 | 126 |
| Total trust income | 829 | 75 | 904 | 437 |

(d) Community Fund / Big Lottery Fund

| | | | | |
|--|-----|----|-----|-------|
| Big Lottery Fund - Safe and Well | 101 | - | 101 | 189 |
| Big Lottery Fund for Raising Our Game | - | - | - | 637 |
| Big Lottery Link Me | 136 | - | 136 | 36 |
| Building Change Trust | - | - | - | - |
| Dept of Health | 39 | - | 39 | 138 |
| Heritage Lottery Fund Wales | 76 | - | 76 | - |
| Hidden Now Heard | - | - | - | 50 |
| Live and Learn | - | - | - | 166 |
| NHS Commissioning Board | 48 | - | 48 | - |
| Other | 12 | 75 | 87 | 6 |
| Total Community Fund / Big Lottery Fund | 412 | 75 | 487 | 1,222 |

(e) Organisations raising funds

| | | | | |
|-----------------------------|----|----|----|----|
| Acumension Ltd | - | 6 | 6 | 5 |
| Aveso | 30 | - | 30 | 30 |
| Barclays Bank | - | - | - | 20 |
| Cash for Kids | 63 | - | 63 | - |
| Charity Sweets | - | 56 | 56 | 53 |
| Citigroup Belfast | 23 | - | 23 | - |
| EDF Suez | - | - | - | 20 |
| Finetix | - | 15 | 15 | - |
| Fontsmith | - | 9 | 9 | 9 |
| Franklins Solicitors | - | - | - | 34 |
| Gemserv | - | - | - | 5 |
| Hymans Robertson | - | 20 | 20 | - |
| International Power | - | 25 | 25 | - |
| Keepmoat Homes | - | - | - | 6 |
| Ladbrokes | - | - | - | 15 |
| Land Securities | 80 | - | 80 | 54 |
| MBNA | - | 16 | 16 | 33 |
| MBNA (MPL) | - | 18 | 18 | 8 |
| Skanska | - | - | - | 14 |
| Stavros Niarchos Foundation | - | - | - | 30 |
| Survey Monkey | - | 10 | 10 | - |

| | Restricted funds £'000 | Unrestricted funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--|---------------------------|-----------------------------|------------------------|------------------------|
| The Rotary Club of Elthorne Hillingdon | - | - | - | 8 |
| Towerbridge International | - | - | - | 15 |
| Ulster Rugby | 14 | - | 14 | 14 |
| Vanquis Bank | 100 | - | 100 | - |
| VolkerWessels UK Ltd | 28 | 9 | 37 | - |
| Winemark | 10 | - | 10 | 10 |
| Other | 24 | 51 | 75 | 357 |
| Total organisations raising funds | 372 | 235 | 607 | 740 |

(f) Gifts in kind

| | | | | |
|----------------------------|---|----|----|-----|
| Total gifts in kind | 3 | 45 | 48 | 107 |
|----------------------------|---|----|----|-----|

| | | | | |
|-------------------------------------|-------|--------|--------|--------|
| Total donations and legacies | 2,823 | 11,474 | 14,297 | 11,769 |
|-------------------------------------|-------|--------|--------|--------|

3. Income from charitable activities

| | Group 2016 £'000 | Group 2015 £'000 |
|---|------------------------|------------------------|
| Belfast Health and Social Care Trusts for children and adults services in Northern Ireland | 273 | 281 |
| Big Lottery Fund - Live and Learn | 57 | - |
| Big Lottery Fund - Step Up | 153 | - |
| Big Lottery Link Me | - | 166 |
| Cabinet Office Funding for Me and My Vote | - | 80 |
| Cabinet Office Funding for Social Action | - | 48 |
| Department for Employment & Learning (NI) for employment services | 110 | 137 |
| Department of Health and Social Services and Public Safety (NI) core grant | 110 | 110 |
| Department of Health for strategic partnership | 181 | 298 |
| European Social Fund – funding for Employment services in Northern Ireland | 667 | 696 |
| Health and Social Care Boards for Information, Advocacy and Children Services in Northern Ireland | 134 | 137 |
| HSCUF / DoH for Getting it right from the start | - | 83 |
| Kids for Good (nesta) | - | 33 |
| National Offender Management Service | 96 | 150 |
| Northern Health and Social Care Trusts for children, adults services in Northern Ireland | 62 | 40 |
| Northern Ireland Housing Executive for Supporting People Grant | 707 | 717 |
| Schools & Regional Colleges for employment services in Northern Ireland | 44 | 23 |
| Sheffield & District Hospital Service | 8 | 5 |
| Skills for care | 23 | - |

| | Group 2016 £'000 | Group 2015 '000 |
|--|------------------------|-----------------------|
| South Eastern Health and Social Care Trusts for children and adults services in Northern Ireland | 251 | 264 |
| Southern Health and Social Care Trusts for children, adults and information services in Northern Ireland | 255 | 265 |
| Sport England for inclusive sports project | 67 | 36 |
| Sure Start Partnerships in Northern Ireland for play adviser services | 17 | 24 |
| Western Health and Social Care Trusts for children and adults services in Northern Ireland | 506 | 490 |
| Youth Council Northern Ireland core grant, Youth Hub project, Inspired Youth project and It's Politics project | 97 | 123 |
| Sub-total | 3,818 | 4,206 |
| All other income from charitable activities (see below) | 158,719 | 161,342 |
| Total income from charitable activities | 162,537 | 165,548 |

Other income from charitable activities primarily consists of receipts for the provision of direct service delivery within the personal support and employment teams, including income from central and local government contracts.

4. Income from other trading activities

| | Group 2016 £'000 | Group 2015 £'000 |
|--|------------------------|------------------------|
| Promotional and other sponsored events | 210 | 329 |
| Merchandise and DBS checks | 456 | 295 |
| Trust management services | 321 | 275 |
| Other | 5 | - |
| | 992 | 899 |

5. Investment income

| | Group 2016 £'000 | Group 2015 £'000 |
|--------------------------------|------------------------|------------------------|
| Income from listed investments | 148 | 11 |
| Bank interest | 48 | 77 |
| | 196 | 88 |

6. Volunteers

During the year, Mencap received the generous donation of time from a great many volunteers. They provided contributions to a number of activities, as follows:

| | 2016 Number of Volunteers |
|------------------------------------|---------------------------------|
| Raising funds | 219 |
| Charitable activities: | |
| Direct services | 254 |
| Other projects | 683 |
| Total charitable activities | 937 |
| | 1,156 |

7a. Total resources expended

| | Staff costs £'000 | Depreciation £'000 | Other direct costs £'000 | Reallocated support costs £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--|----------------------|-----------------------|--------------------------------|---------------------------------------|------------------------|------------------------|
| Raising funds: | | | | | | |
| Costs of raising funds | 1,424 | 1 | 2,220 | 266 | 3,911 | 3,845 |
| Investment management costs | - | - | 8 | - | 8 | 10 |
| Trading costs of subsidiaries | - | - | 168 | - | 168 | 416 |
| | 1,424 | 1 | 2,396 | 266 | 4,087 | 4,271 |
| Charitable activities: | | | | | | |
| Supporting people | 128,142 | 1,470 | 31,130 | 11,759 | 172,501 | 177,460 |
| Raising awareness and changing attitudes | 3,936 | - | 1,439 | 393 | 5,768 | 6,483 |
| Defined benefit pension scheme finance costs | - | - | 834 | - | 834 | 1,039 |
| Governance | 296 | - | 339 | 46 | 681 | 543 |
| | 132,374 | 1,470 | 33,742 | 12,198 | 179,784 | 185,525 |
| Support costs | 7,296 | 542 | 4,626 | (12,464) | - | - |
| | 141,094 | 2,013 | 40,764 | - | 183,871 | 189,796 |

“Supporting people” consists of expenditure on four of our key priorities:

- Making a difference to the lives of people with a learning disability here and now
- Supporting friendships and relationships
- Improving health for people with a learning disability
- Giving children the best start in life.

7b. Support costs allocated

| | Facilities | Management and finance | HR | Information technology | Other | Processing and support | Total 2016 | Total 2015 |
|--|------------|------------------------|-------|------------------------|-------|------------------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Costs of raising funds | 14 | 73 | 46 | 67 | 2 | 64 | 266 | 259 |
| Supporting people | 632 | 3,225 | 2,035 | 2,967 | 93 | 2,807 | 11,759 | 11,821 |
| Raising awareness and changing attitudes | 21 | 108 | 68 | 99 | 3 | 94 | 393 | 435 |
| Governance | 2 | 13 | 8 | 12 | - | 11 | 46 | 36 |
| | 669 | 3,419 | 2,157 | 3,145 | 98 | 2,976 | 12,464 | 12,551 |

8. Information relating to employees

| | Still employed | Including termination payments | Total | Total |
|---------------------|----------------|--------------------------------|-------|-------|
| | 2016 | 2016 | 2016 | 2015 |
| £60,000 - £69,999 | 7 | 1 | 8 | 6 |
| £70,000 - £79,999 | 3 | 2 | 5 | 1 |
| £80,000 - £89,999 | 6 | 0 | 6 | 6 |
| £90,000 - £99,999 | 1 | 1 | 2 | 3 |
| £100,000 - £109,999 | 2 | 0 | 2 | 2 |
| £110,000 - £119,999 | 0 | 0 | 0 | 1 |
| £120,000 - £129,999 | 1 | 0 | 1 | 1 |
| £130,000 - £139,999 | 1 | 0 | 1 | 2 |
| | 21 | 4 | 25 | 22 |

Of the 25 employees above, all are members of the defined contribution scheme. Payments made to the defined contribution scheme on behalf of these individuals amounted to £80,509 (2015: £79,394) for the year. Of the above employees, 4 are included as a result of salary payments paid during the year and additional termination payments made.

Trustees and senior management

The senior management of Mencap consists of the executive team. The total employee benefits received by members of the executive team during the year amounted to £677,696 (2015: £871,466). More details of executive remuneration can be found in the Trustees' report.

Employee costs during the year:

| | 2016 £'000 | 2015 £'000 |
|-------------------------------------|----------------|----------------|
| Wages and salaries | 131,233 | 131,314 |
| Social security costs | 8,356 | 8,730 |
| Pension costs | 1,505 | 1,798 |
| Total as staff costs as per note 7a | 141,094 | 141,842 |
| Capitalised Kinetic staff costs | 121 | 237 |
| Benefits in kind | 124 | 134 |
| Total employee costs | 141,339 | 142,213 |

Included in the above are amounts paid to temporary staff during the year totalling £7.1m (2015: 5.3m).

Redundancy and termination payments:

Expenditure totalling £1,025,998 (2015: £775,823) was recognised in the year in respect of redundancy and termination payments for staff.

The estimated average full-time equivalent number of employees by function was:

| | 2016 Employees (FTE) | 2015 Employees (FTE) |
|--|-------------------------|-------------------------|
| Supporting people | 5,193 | 5,402 |
| Raising awareness and changing attitudes | 118 | 131 |
| Raising funds | 40 | 41 |
| Support | 160 | 161 |
| Governance | 21 | 19 |
| | 5,532 | 5,754 |

The estimated average number of employees by function was:

| | 2016 Employees | 2015 Employees |
|--|-------------------|-------------------|
| Supporting people | 7,837 | 8,181 |
| Raising awareness and changing attitudes | 181 | 192 |
| Raising funds | 44 | 44 |
| Support | 174 | 173 |
| Governance | 24 | 21 |
| | 8,260 | 8,611 |

9. Expenses of the trustees

During the year, 13 trustees (2015: 13) were reimbursed for out of pocket expenses in relation to accommodation, travel and subsistence, or such expenses were paid on their behalf. The total amount of these expenses amounted to £17,421 (2015: £12,325). Members of the board of trustees are not remunerated.

10. Net incoming/(outgoing) resources for the year

| | Group 2016 £'000 | Group 2015 £'000 |
|--|------------------------|------------------------|
| Net incoming/(outgoing) resources for the year are stated after charging: | | |
| Depreciation and amortisation | | |
| Own assets | 1,841 | 1,371 |
| Leased assets | 172 | 194 |
| Rentals under operating leases | | |
| Land and buildings | 3,276 | 2,955 |
| Interest payable | | |
| Interest element of finance leases | 13 | 22 |
| Bank interest | 1,643 | 1,673 |
| Defined benefit pension expenditure movement for the year | 834 | 1,039 |
| Auditors remuneration | | |
| Audit of the group | 71 | 69 |
| Other non-audit work: | | |
| - Tax | 3 | - |
| - Risk review | 17 | - |

Included in the audit fee charged for the group was £54k (2015:£53k) for the audit of the parent charity.

11. Operating lease commitments

At 31 March 2016 the group has the following annual commitments amounting to £27,775k (2015: £28,996k) under non-cancellable operating leases:

| | Land and buildings 2016 £'000 | Land and buildings 2015 £'000 |
|--------------------------|--|--|
| Within one year | 3,241 | 3,276 |
| Within two to five years | 6,428 | 6,314 |
| After five years | 18,106 | 19,406 |
| | 27,775 | 28,996 |

12. Tangible fixed assets

| (a) Group | Freehold land and buildings £'000 | Assets under construction £'000 | Leasehold land and buildings £'000 | Fixtures, fittings and equipment £'000 | Motor vehicles £'000 | Total £'000 |
|--|--|---------------------------------------|---|---|----------------------------|----------------|
| Cost or valuation | | | | | | |
| Balance at 1 April 2015 | 99,192 | 2,305 | 6,119 | 3,397 | 2,116 | 113,129 |
| Additions | 2,450 | 6,115 | - | 251 | 139 | 8,955 |
| Disposals | (1,301) | - | (18) | (562) | (168) | (2,049) |
| Transfers between classes | 7,325 | (7,365) | 40 | - | - | - |
| Balance at 31 March 2016 | 107,666 | 1,055 | 6,141 | 3,086 | 2,087 | 120,035 |
| Accumulated depreciation | | | | | | |
| Balance at 1 April 2015 | 6,231 | - | 856 | 2,711 | 1,802 | 11,600 |
| Charge for the year | 1,004 | - | 82 | 256 | 194 | 1,536 |
| Disposals | (128) | - | (11) | (562) | (160) | (861) |
| Balance at 31 March 2016 | 7,107 | - | 927 | 2,405 | 1,836 | 12,275 |
| Net book value at 31 March 2016 | 100,559 | 1,055 | 5,214 | 681 | 251 | 107,760 |
| Less shared investment contribution | (2,402) | - | (734) | - | - | (3,136) |
| | 98,157 | 1,055 | 4,480 | 681 | 251 | 104,624 |
| Net book value at 31 March 2015 | 92,961 | 2,305 | 5,263 | 686 | 314 | 101,529 |
| Less shared investment contribution | (2,381) | - | (734) | - | - | (3,115) |
| | 90,580 | 2,305 | 4,529 | 686 | 314 | 98,414 |

| (b) Company | Freehold land and buildings £'000 | Assets under construction £'000 | Leasehold land and buildings £'000 | Fixtures, fittings and equipment £'000 | Motor vehicles £'000 | Total £'000 |
|--|--|---------------------------------------|---|---|----------------------------|----------------|
| Cost or valuation | | | | | | |
| Balance at 1 April 2015 | 15,534 | 776 | 76 | 3,189 | 2,116 | 21,691 |
| Additions | 2,450 | 350 | - | 251 | 139 | 3,190 |
| Disposals | - | - | (3) | (562) | (168) | (733) |
| Transfers between classes | 1,126 | (1,126) | - | - | - | - |
| Balance at 31 March 2016 | 19,110 | - | 73 | 2,878 | 2,087 | 24,148 |
| Accumulated depreciation | | | | | | |
| Balance at 1 April 2015 | 368 | - | 62 | 2,695 | 1,802 | 4,927 |
| Charge for the year | 263 | - | 2 | 235 | 194 | 694 |
| Disposals | - | - | (1) | (562) | (160) | (723) |
| Balance at 31 March 2016 | 631 | - | 63 | 2,368 | 1,836 | 4,898 |
| Net book value at 31 March 2016 | 18,479 | - | 10 | 510 | 251 | 19,250 |
| Net book value at 31 March 2015 | 15,166 | 776 | 14 | 494 | 314 | 16,764 |

13. Intangible fixed assets

| (a) Group | Software | Total |
|--|--------------|--------------|
| | £'000 | £'000 |
| Cost or valuation | | |
| Balance at 1 April 2015 | 2,526 | 2,526 |
| Balance at 31 March 2016 | 2,526 | 2,526 |
| Accumulated amortisation | | |
| Balance at 1 April 2015 | 586 | 586 |
| Charge for the year | 477 | 477 |
| Balance at 31 March 2016 | 1,063 | 1,063 |
| Net book value at 31 March 2016 | 1,463 | 1,463 |
| Net book value at 31 March 2015 | 1,940 | 1,940 |

| (b) Company | Software | Total |
|--|--------------|--------------|
| | £'000 | £'000 |
| Cost or valuation | | |
| Balance at 1 April 2015 | 2,282 | 2,282 |
| Balance at 31 March 2016 | 2,282 | 2,282 |
| Accumulated depreciation | | |
| Balance at 1 April 2015 | 430 | 430 |
| Charge for the year | 430 | 430 |
| Balance at 31 March 2016 | 860 | 860 |
| Net book value at 31 March 2016 | 1,422 | 1,422 |
| Net book value at 31 March 2015 | 1,852 | 1,852 |

14. Fixed asset investments

| | Group 2016 £'000 | Group 2015 £'000 | Charity 2016 £'000 | Charity 2015 £'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Equities | | | | |
| Market value at 1 April 2015 | 4,907 | 4,677 | 4,907 | 4,677 |
| Acquisitions | 485 | 770 | 485 | 770 |
| Disposals | (554) | (735) | (554) | (735) |
| Net investment (losses)/gains | (424) | 195 | (424) | 195 |
| Market value at 31 March 2016 | 4,414 | 4,907 | 4,414 | 4,907 |
| Bonds, cash and cash instruments | | | | |
| Market value at 1 April 2015 | 7,142 | 1,768 | 7,142 | 1,768 |
| Acquisitions | 1,122 | 5,513 | 1,122 | 5,513 |
| Disposals | (1,336) | (461) | (1,336) | (461) |
| Net investment (losses)/gains | 15 | 321 | 15 | 321 |
| Market value at 31 March 2016 | 6,943 | 7,141 | 6,943 | 7,141 |
| Total value at 31 March | 11,357 | 12,048 | 11,357 | 12,048 |
| Cost at 31 March | 10,269 | 10,423 | 10,269 | 10,423 |

Included in market value of investments is an amount for the Mencap Visiting Service of £5.4m (2015: £6.2m). This amount is held in a separate investment fund for the purposes of funding the scheme in future years. The liability of the scheme is shown in note 21.

| | Equities 2016 £'000 | Bonds, cash and cash instruments 2016 £'000 | Total 2016 £'000 |
|-------------------------------------|---------------------------|---|------------------------|
| Group: | | | |
| Listed on UK Stock Exchange | 4,414 | - | 4,414 |
| UK bonds, cash and cash instruments | - | 6,943 | 6,943 |
| Market value at 31 March 2016 | 4,414 | 6,943 | 11,357 |
| Market Value at 31 March 2015 | 4,907 | 7,141 | 12,048 |
| Charity: | | | |
| Listed on UK Stock Exchange | 4,414 | - | 4,414 |
| UK bonds, cash and cash instruments | - | 6,943 | 6,943 |
| Market value at 31 March 2016 | 4,414 | 6,943 | 11,357 |
| Market Value at 31 March 2015 | 4,907 | 7,141 | 12,048 |

15. Subsidiaries

The charity owns 100% of the issued capital of the following companies. Golden Lane Housing Limited is also a registered charity in its own right:

| Subsidiary undertaking | Company registration number | Charity registration number | Principal activity | Net assets/ (liabilities) |
|------------------------------|-----------------------------|-----------------------------|--|---------------------------|
| | | | | £'000 |
| Blue Sky Housing Limited | 4412276 | - | Property development | - |
| Golden Lane Housing Limited | 3597323 | 1071097 | Property management and development | 42,314 |
| Mencap Limited | 889191 | - | Mail order catalogue selling gifts and Christmas cards | (77) |
| Mencap Promotions Limited | 1016345 | - | Promotional and other special events | - |
| Mencap Trust Company Limited | 1233201 | - | Discretionary trust management | 52 |

All the above are registered in England and Wales. The governance of the charities, of which Royal Mencap Society is the sole member, is maintained by their board of trustees, who act to deliver the objectives of each charity.

The above undertakings form part of the group consolidation. Mencap has no automatic right to the gross assets or reserves of Golden Lane Housing Limited.

Blue Sky Housing Limited remained dormant throughout the year.

16. Net income of group companies, including consolidation entries

| | Blue Sky Housing Limited | Mencap Trust Company Limited | Mencap Limited | Mencap Promotions | Total 2016 | Total 2015 |
|---|--------------------------|------------------------------|----------------|-------------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Trading subsidiaries: | | | | | | |
| Turnover | - | 321 | 107 | 185 | 613 | 899 |
| Cost of sales | - | - | (32) | (46) | (78) | (359) |
| Gross profit/(loss) | - | 321 | 75 | 139 | 535 | 540 |
| Administration costs | - | (308) | (66) | (5) | (379) | (282) |
| Net profit/(loss) | - | 13 | 9 | 134 | 156 | 258 |
| Paid to Royal Mencap Society under gift aid | - | - | - | (134) | (134) | (260) |
| Provision for tax | - | (3) | - | - | (3) | (1) |
| Retained in subsidiaries | - | 10 | 9 | - | 19 | (3) |

The costs of the above subsidiaries are included in the consolidated statement of financial activities under expenditure on raising funds, less any transactions between companies with the Mencap group.

| | Royal Mencap Society | Golden Lane Housing | Total 2016 | Total 2015 |
|---|----------------------|---------------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 |
| Charitable companies: | | | | |
| Incoming resources | 177,829 | 13,115 | 190,944 | 191,795 |
| Resources expended | (162,722) | (8,723) | (171,445) | (176,203) |
| Income/(expenditure) before administration costs | 15,107 | 4,392 | 19,499 | 15,592 |
| Administration costs | (9,271) | (2,814) | (12,085) | (12,332) |
| | 5,836 | 1,578 | 7,414 | 3,260 |
| Net gains/(losses) on investments | (409) | - | (409) | 516 |
| Net income/(expenditure) | 5,427 | 1,578 | 7,005 | 3,776 |

17. Debtors

| | Group 2016 £'000 | Group 2015 £'000 | Charity 2016 £'000 | Charity 2015 £'000 |
|------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Trade debtors | 13,674 | 12,971 | 12,921 | 12,457 |
| Amount due from group undertakings | - | - | 4,798 | 5,881 |
| Other debtors | 503 | 821 | 432 | 704 |
| Prepayments | 1,312 | 1,060 | 913 | 795 |
| Accrued income | 7,148 | 5,787 | 6,916 | 5,578 |
| | 22,637 | 20,639 | 25,980 | 25,415 |

Included in the net amounts due from group undertakings is a concessionary loan from the charity to Golden Lane Housing Limited for £4.19m (2015: £4.5m) of which £0.32m is due within one year. The loan is to be repaid in full over a period of 25 years from initial drawdown; capital paid quarterly, interest paid monthly and charged at an interest rate of 0.5% below Bank of England base rate.

18. Creditors: amounts falling due within one year

| | Group 2016 £'000 | Group 2015 £'000 | Charity 2016 £'000 | Charity 2015 £'000 |
|------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Obligations under finance leases | 125 | 167 | 125 | 167 |
| Local society creditors | 46 | 48 | 46 | 48 |
| Trade creditors | 2,265 | 2,265 | 1,878 | 2,109 |
| Taxation and social security costs | 2,086 | 2,723 | 2,001 | 2,704 |
| Other creditors | 4,298 | 4,680 | 4,289 | 4,596 |
| Accruals | 4,226 | 4,602 | 3,053 | 3,351 |
| Deferred income | 3,095 | 3,880 | 3,090 | 3,875 |
| Current portion of long term loans | 948 | 818 | 60 | 139 |
| | 17,089 | 19,183 | 14,542 | 16,989 |

Deferred income movement:

| | Group 2016 £'000 | Charity 2016 £'000 |
|-----------------------------|------------------------|--------------------------|
| Balance at 1 April 2015 | 3,880 | 3,875 |
| Amount released in the year | (3,880) | (3,875) |
| Amount deferred in the year | 3,095 | 3,090 |
| Balance at 31st March 2016 | 3,095 | 3,090 |

19. Creditors: amounts falling due after more than one year

| | Group 2016 £'000 | Group 2015 £'000 | Charity 2016 £'000 | Charity 2015 £'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Obligations under finance leases, two to five years | 87 | 103 | 87 | 103 |
| Debenture loan | 21,000 | 21,000 | - | - |
| Bank loan | 25,452 | 21,406 | 960 | 2,625 |
| | 46,539 | 42,509 | 1,047 | 2,728 |

In 2007, Royal Mencap Society obtained a loan for £1.5m, repayable in equal instalments over 25 years, at an interest rate of LIBOR plus 0.95%. As at 31 March 2016, the value of the loan stood at £1.02m. The loan agreement is secured by an unlimited guarantee between Royal Mencap Society, Blue Sky Housing Limited, Mencap Limited, Mencap Promotions Limited and Mencap Trust Company Limited. It is further secured by a first legal charge over our property in Peterborough.

Royal Mencap Society previously obtained a loan of £2.2m from Futurebuilders England Limited (FBE) on 11 May 2011, carrying a 2.0% interest rate to 31 March 2015 at which time the interest rate reverted to the FBE standard rate of 6%. The loan was repaid in full on 15 June 2015, at which time the balance stood at £1.66m.

Golden Lane Housing

Housing bond issue

In February 2013 Golden Lane Housing issued a five year bond offering through Triodos Bank, an investment memorandum offered for subscription up to 100,000 housing investment bonds with a nominal value of £100 each to a total value of £10m, paying 4% interest. The funds have now been fully deployed in the purchase of 29 properties and housing 99 tenants. The bond is repayable on 30th September 2018.

During the prior year the company has issued through the intermediary of retail charity bond, a new bond totalling £11m paying a yield of 4.375%. The bond issue was fully subscribed and the full £11m was duly received, the purpose being to purchase properties to rent to people with a learning disability. The funds have been utilised in this purpose. The bond is repayable on 29 July 2021.

At 31 March 2016 the bond funds committed were £11,538,304 whilst the bond funds expensed were £9,703,484. At the year-end there is a bond funds capital commitment of £1,834,820.

Loans

In August 2014 two loans held with Nationwide were refinanced, leaving Golden Lane Housing with a fixed term loan of £845,912 secured on freehold land and buildings. The interest rate is fixed until June 2025.

The remaining loans are provided by Triodos and are a combination of fixed and variable rates.

The group loans are repayable as follows:

| | 2016 £'000 | 2015 £'000 |
|-------------------|---------------|---------------|
| Under 1 year | 948 | 818 |
| Between 1-2 years | 1,046 | 868 |
| Between 2-5 years | 13,385 | 12,828 |
| Over 5 years | 32,021 | 28,711 |
| | 47,400 | 43,225 |

20. Financial instruments

| | Group 2016 £'000 | Group 2015 £'000 | Charity 2016 £'000 | Charity 2015 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Financial assets measured at amortised cost (a) | 37,514 | 37,979 | 33,652 | 37,973 |
| Financial assets measured at fair value (b) | 11,357 | 12,048 | 11,357 | 12,048 |
| Financial liabilities measured at amortised cost (c) | (58,401) | (55,041) | (10,452) | (13,090) |

- (a) Financial assets include cash, trade debtors, intercompany debtors, other debtors and accrued income
- (b) Financial assets held at fair value include investments
- (c) Financial liabilities include trade creditors, other creditors, finance leases, bonds, loans and accruals

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

| Group | Income 2016 £'000 | Expense 2016 £'000 | Gains/ (losses) 2016 £'000 | Income 2015 £'000 | Expense 2015 £'000 | Gains/ (losses) 2015 £'000 |
|--|-------------------------|--------------------------|-------------------------------------|-------------------------|--------------------------|-------------------------------------|
| Financial assets measured at amortised cost | 48 | - | - | 77 | - | - |
| Financial assets measured at fair value | 148 | - | (409) | 11 | - | 516 |
| Financial liabilities measured at amortised cost | - | (1,656) | - | - | (1,695) | - |

21. Provisions for liabilities and charges

| | Mencap Visiting Service £'000 | Dilapidations £'000 | Employee benefits £'000 | Other £'000 | Total £'000 |
|-----------------------------|--|------------------------|-------------------------------|----------------|----------------|
| Balance at 31 March 2015 | 4,510 | 946 | 1,325 | 624 | 7,405 |
| Amount utilised in the year | (288) | (80) | (1,325) | (431) | (2,124) |
| Amount released in the year | - | (209) | - | (31) | (240) |
| Amount provided in the year | 144 | 104 | 845 | 434 | 1,527 |
| Balance at 31 March 2016 | 4,366 | 761 | 845 | 596 | 6,568 |

22. Analysis of assets and liabilities between funds

| Group | Restricted funds £'000 | Unrestricted funds £'000 | Total 2016 £'000 | Restricted funds £'000 | Unrestricted funds £'000 | Total 2015 £'000 |
|----------------|------------------------------|--------------------------------|------------------------|------------------------------|--------------------------------|------------------------|
| Fixed assets | 27,567 | 89,877 | 117,444 | 26,276 | 86,126 | 112,402 |
| Current assets | 3,908 | 34,957 | 38,865 | 4,998 | 34,069 | 39,067 |
| Liabilities | (4,725) | (86,007) | (90,732) | (5,014) | (91,429) | (96,443) |
| Total | 26,750 | 38,827 | 65,577 | 26,260 | 28,766 | 55,026 |

23. Group funds

| | Balance 1 April 2015 £'000 | Incoming resources £'000 | Outgoing resources £'000 | Transfers £'000 | Gains and losses £'000 | Balance 31 March 2016 £'000 |
|---|-------------------------------------|--------------------------------|--------------------------------|--------------------|------------------------------|--------------------------------------|
| Restricted | | | | | | |
| Homes | 262 | 32 | (84) | 85 | - | 295 |
| Inspired Educators | 144 | - | (76) | (55) | - | 13 |
| Learning and Development Restricted Training | - | 23 | - | - | - | 23 |
| Mencap Visiting Service | 1,238 | 112 | (152) | - | (424) | 774 |
| NewBe Project | 3,154 | 1,382 | (360) | 96 | - | 4,272 |
| Research Fund | 19 | - | - | - | - | 19 |
| Rothenberg Fellowship | 125 | - | - | - | - | 125 |
| Rothenberg Memorial Trust | 28 | - | - | - | - | 28 |
| Service Provision | 20,862 | 4,950 | (4,699) | (104) | - | 21,009 |
| Young Ambassadors | 408 | 8 | (235) | (9) | - | 172 |
| Special Contingency | 20 | - | - | - | - | 20 |
| | 26,260 | 6,507 | (5,606) | 13 | (424) | 26,750 |
| Unrestricted | | | | | | |
| General | 49,493 | 184,817 | (177,205) | (4,263) | 15 | 52,857 |
| Designated reserves: | | | | | | |
| - Maintenance funds | 180 | - | - | 64 | - | 244 |
| - Seed capital | 28 | - | - | - | - | 28 |
| - VAT for development project | 57 | - | - | - | - | 57 |
| - Non-repayable grants | 5,691 | 4 | (125) | (56) | - | 5,514 |
| - Tenants support fund | 603 | - | - | - | - | 603 |
| - Greengates Charity | 60 | - | - | - | - | 60 |
| Pension deficit | (27,346) | - | (963) | 4,242 | 3,531 | (20,536) |
| | 28,766 | 184,821 | (178,293) | (13) | 3,546 | 38,827 |
| Total funds | 55,026 | 191,328 | (183,899) | - | 3,122 | 65,577 |

Restricted funds

Restricted funds include the following unexpended balances of donations and grants held in trust to be applied for specific purposes. Mencap holds sufficient resources in an appropriate form to enable each fund to be applied in accordance with its restrictions:

- Homes - specific bequests to residential care homes. During the year, transfers totalling £85,000 were made from Service provision to Homes to ensure funds raised in respect of Homes were more accurately reflected and visible to operational teams.
- Inspired Educators - used to fund a project that works with head teachers and special educational needs (SEN) coordinators to support them in ensuring that teaching assistants are properly employed to support children with SEN. During the year, transfers totalling £55,000 were made from Inspired Educators to Service provision in respect of projects falling within the restriction for which the Inspired Educators funds were provided, but taking place within the scope of Service provision.
- Learning and Development Restricted Training - extra funding provided by the Big Lottery Fund to concentrate on improving one or two particular aspects of Mencap's skills and knowledge in a way that is likely to have lasting impact on the organisation's work.
- Mencap Visiting Service - special trust used to provide regular visitors to people with a learning disability.
- NewBe Project - capital project in Northern Ireland funding the construction of a new building for an early intervention centre for children with learning disabilities and their families, and a new headquarters for Mencap in Northern Ireland. During the year, in addition to income raised directly, £98,000 was transferred from Service provision to NewBe Project in respect of fundraised income from the prior year. Additionally, £2,000 was transferred from NewBe Project to Service provision in relation to particular fundraising appeals that did not achieve a net surplus.
- Research Fund - used to sponsor medical research into the causes of learning disabilities.
- Rothenberg Fellowship - used to sponsor students from overseas to study learning disabilities, with an aim of increasing international awareness.
- Rothenberg Memorial Trust - provides income for the special contingency fund.
- Service provision - restricted by funders and donors to specific areas of Mencap and Golden Lane Housing's core services. Within Service provision are a number of fundraising cost centres, which has resulted in the transfer of raised funds to Homes (£84,000) and NewBe Project (£98,000) during the year. Additionally, transfers in to Service provision have been made from Inspired Educators (£55,000) and Young Ambassadors (£9,000) where projects related to those funds have been undertaken as part of Service provision. Finally, transfers of £13,000 were made from Service provision to unrestricted funds as the net effect of timing differences in how ESF funds utilised in Northern Ireland can be offset with one another.
- Young Ambassadors - supports young people aged 16 to 25 with a learning disability who volunteer with Mencap as part of a 6 month programme, to support the work Mencap does, and to develop their employability skills. During the year, transfers totalling £9,000 were made from Young Ambassadors to Service provision in respect of projects falling within the restriction for which the Young Ambassadors funds were provided, but taking place within the scope of Service provision.
- Special contingency - funded by the Rothenberg Memorial Trust for use at the discretion of the chief executive.

Designated funds

Unrestricted funds have been specifically designated by Golden Lane Housing for the following purposes:

- Maintenance funds – for prudence, Golden Lane Housing ensures that an amount is held in designated funds which will be sufficient to cover the potential dilapidation liability for all leased properties. During the year, transfers of £64,000 were made from general unrestricted funds to reflect the currently assessed potential liability.
- Seed capital – an amount is designated to be used in adapting properties for existing tenants.
- VAT for development project - this amount was saved from the building cost of two properties by applying the Notice 708 of HMRC, but would be repayable if the properties were sold within ten years of March 2007.
- Non repayable grants - this amount has been used to finance the purchase and development of properties held in fixed assets. During the year, transfers of £56,000 were made to general unrestricted funds to reflect the currently assessed requirement.
- Tenants support fund – this fund was set up in 2012/13 to cover possible future changes to government policy regarding the payment of exempt rents.
- Greengates Charity – Greengates, a London-based charity, donated £60,000 in 2012/13 to be used for future housing projects within the London area, providing housing for people with a learning disability. These funds have not been utilised yet.

Transfers

In addition to the transfers related to restricted and designated funds detailed above, £4,242,000 was transferred from general restricted reserves to the pension deficit during the year. This corresponds with the actual cash payments made by the group to reduce the pension deficit.

24. Pension scheme

Mencap operates a number of pension schemes for the benefit of its employees. At 31 March 2009, Mencaps' defined benefit scheme was closed to future accruals. This means that Mencap will fund the benefits that staff have earned to that date, but we cannot offer the same benefit moving forward due to the inherent risk involved in running this type of scheme.

However, staff are able to save for their retirement through a defined contribution scheme to which Mencap contributes. All contributions are expensed in the year that they are made.

In addition to the above, Mencap also participates in a number of local government pension schemes in relation to a small number of staff who have transferred over to Mencap. Mencap participates in these schemes by way of admission agreements. In relation to these schemes, Mencap currently has 26 active employees. Full provision has been made in the financial statements in relation to one of the schemes covering 25 active staff with a management estimate for the scheme covering just one staff member. However as the liability is not material, detailed disclosure has been limited so as not to distort or overstate the importance of these schemes within Mencap's overall finances.

Mencap pension scheme

This scheme is valued annually for the purposes of the annual report and accounts. This valuation, which is carried out under specific accounting rules and detailed in full below, is made so that we can account for the pension liability in our balance sheet.

The trustees of the pension scheme undertake their own formal valuation once every three years. This valuation provides the basis for agreeing the amounts that Mencap will pay each year to fund the scheme. The last valuation for this purpose was undertaken in March 2014 and we subsequently agreed a schedule of contributions, with the pension scheme trustees, to settle the pension deficit over a period of 17 years.

For the year ended March 2016 and going forward, we agreed to make the following cash payments to the scheme:

| | |
|--|------------------|
| For the period 1 April 2015 to 31st March 2016 | £ 4 million |
| For the periods 1 April 2016 to 31 March 2028 | £ 2.1m per annum |

At the end of March 2016 the total scheme liabilities were valued at £125 million and the assets of £106 million. The net deficit is therefore £19 million. This compares with a net deficit of £26 million reported last year.

The following assumptions have been used to place a value on the retirement benefit obligations of the charity:

Financial assumptions

| | % per annum | % per annum |
|---------------------------------------|-------------|-------------|
| Retail price inflation (% p.a.) | 3.15% | 2.95% |
| Consumer price inflation (% p.a.) | 2.15% | 1.95% |
| Pension increase rate LP15 (% p.a.) | 3.05% | 2.90% |
| Pension increase rate LP12.5 (% p.a.) | 2.15% | 2.10% |
| Discount rate | 3.50% | 3.30% |

The demographic assumptions used are:

Longevity assumptions as at 31 March 2016

| | Male | Female |
|---------------------|--|--|
| Base table | Bespoke 2014 VITA curves | |
| Future improvements | CMI model with a long-term rate of improvement of 1.5%, assuming improvements peak at a later date and a decline in improvement rates for the very old | CMI model with a long-term rate of improvement of 1.0%, assuming improvements peak at a later date and a decline in improvement rates for the very old |

Life expectancies as at:

| | 31 March 2016 | | 31 March 2015 | |
|--|---------------|--------|---------------|--------|
| | Male | Female | Male | Female |
| Average future life expectancy (in years) for a pensioner aged 65 at 31 March 2016 | 22.9 | 25.3 | 22.6 | 25.2 |
| Average future life expectancy (in years) at age 65 for a non-pensioner aged 45 at 31 March 2016 | 25.7 | 27.3 | 25.6 | 27.3 |

Based on these assumptions, the balance sheet position is as follows:

| Assets | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|--|--------------------------------------|--------------------------------------|
| Equity securities and other assets in growth portfolio | 47,235 | 49,208 |
| Gilts and LDI | 28,335 | 31,284 |
| Corporate bonds | 20,340 | 9,732 |
| Property | 7,003 | 9,433 |
| Insurance contracts | 2,553 | 2,903 |
| Cash and cash equivalents | 305 | 1,635 |
| Total value of assets | 105,771 | 104,195 |
| Actuarial (value) of liabilities | (124,998) | (130,002) |
| Surplus/(deficit) of funded plan liabilities | (19,227) | (25,807) |
| Surplus/(deficit) recognised in balance sheet | (19,227) | (25,807) |
| Net pension asset/(liability) | (19,227) | (25,807) |

Reconciliation of plan benefit obligation

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|--|--------------------------------------|--------------------------------------|
| Opening defined benefit obligation | 130,002 | 107,840 |
| Interest cost | 4,232 | 4,784 |
| Actuarial (gains)/losses | (5,722) | 18,522 |
| Past service cost | - | 1,928 |
| Benefits (paid) | (3,515) | (3,072) |
| Closing define benefit obligation | 124,997 | 130,002 |

Reconciliation of fair value of plan assets

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|--|--------------------------------------|--------------------------------------|
| Opening fair value of plan assets | 104,194 | 84,705 |
| Interest income | 3,449 | 3,789 |
| Contributions by Royal Mencap Society | 4,170 | 2,040 |
| Actual return on assets excluding amounts included in net interest | (2,528) | 16,733 |
| Benefits (paid) | (3,515) | (3,072) |
| Closing fair value of Plan assets | 105,770 | 104,195 |

Analysis of amount charged to operating profit

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|------------------------|--------------------------------------|--------------------------------------|
| Past service (cost) | - | (1,928) |
| Total operating charge | - | (1,928) |

Analysis of amount credited to other finance income

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|---|--------------------------------------|--------------------------------------|
| Interest income on plan assets | 3,449 | 3,789 |
| (Interest) on plan liabilities | (4,232) | (4,784) |
| Net interest on defined benefit liability | (783) | (995) |
| Total amount charged to profit and loss (total operating charge less net interest) | (783) | (2,923) |

Analysis of amount recognised in Other Comprehensive Income (OCI)

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|--|--------------------------------------|--------------------------------------|
| Actual return on assets excluding amounts included in net interest | (2,528) | 16,733 |
| Actuarial gains/(losses) on plan obligations | 5,722 | (18,522) |
| Remeasurement gain/(loss) in plan | 3,194 | (1,789) |
| Remeasurement gain/(loss) recognised in OCI | 3,194 | (1,789) |

Change in assumptions compared with 31 March 2016 actuarial assumptions:

| | Actuarial value of liabilities 31 March 2016 £'000 |
|------------------------------------|--|
| -0.5% decrease in discount rate | 137,991 |
| 1 year increase in life expectancy | 128,750 |
| +0.5% change in inflation | 134,625 |

Local authority pension schemes

Nottinghamshire County Council pension scheme

The Nottinghamshire County Council pension fund is a defined benefit scheme with 25 members at 31 March 2016. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The agreed employer's contribution rates for the year to March 2015 was 11.1% and were expensed during the year. Contributions have been set at 11.1% for 2015/16.

The estimated asset allocation at 31 March 2016 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £1.26 million. This deficit has been treated as an expense during the year and is included in the balance sheet.

Staffordshire County pension fund

The Staffordshire County pension fund is a defined benefit scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The agreed employer's contribution rates for the year ended March 2016 was 20.6%. This will rise to 21.6% for the year 2016/2017. These contributions are expensed during the year.

The pension scheme valuation at 31 March 2014 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £48,000. As any movements in the deficit would not be material to the accounts, a new valuation has not been obtained for the year ended 31 March 2016.

Mencap has one active member of the pension scheme.

Other local government pension schemes

Mencap also participate in four other local government pension schemes. However, as there are no remaining active members, and in view of the cost of obtaining disclosures and the likely liability being immaterial in the context of overall Mencap results, no account or disclosures are made for these four schemes.

| | |
|---------------------------------|-------------------|
| Dyfed Pension Fund | No active members |
| Clwyd Pension Fund (Flintshire) | No active members |
| Powys Pension fund | No active members |
| Shropshire County Pension Fund | No active members |

The following assumptions have been used to place a value on the retirement benefit obligations of the charity:

Financial assumptions

| | 31 March 2016 | | 31 March 2015 | |
|-------------------|---------------|--------|---------------|--------|
| | % p.a. | Real | % p.a. | Real |
| RPI increases | 3.40% | | 3.40% | |
| CPI increases | 2.50% | -0.90% | 2.60% | -0.80% |
| Salary increases | 4.30% | 0.90% | 4.40% | 1.00% |
| Pension increases | 2.50% | -0.90% | 2.60% | -0.80% |
| Discount rate | 3.90% | 0.50% | 3.50% | 0.10% |

The demographic assumptions used are:

Life expectancy from age 65

| | Fund value 31 March 2016 | Fund value 31 March 2015 |
|-----------------------|-----------------------------|-----------------------------|
| Retiring today: | | |
| Males | 22.1 | 22.1 |
| Females | 25.3 | 25.2 |
| Retiring in 20 years: | | |
| Males | 24.4 | 24.2 |
| Females | 27.7 | 27.6 |

Based on these assumptions, the balance sheet position is as follows:

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|---|--------------------------------------|--------------------------------------|
| Present value of the defined benefit obligation | (2,951) | (3,152) |
| Fair value of fund assets (bid value) | 1,690 | 1,661 |
| Deficit | (1,261) | (1,491) |

Reconciliation of present value of the defined benefit obligation

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|---|--------------------------------------|--------------------------------------|
| Opening defined benefit obligation | 3,152 | 2,398 |
| Current service cost | 129 | 111 |
| Interest cost | 110 | 112 |
| Change in financial assumptions | (409) | 583 |
| Estimated benefits paid net of transfers in | (59) | (85) |
| Contributions by scheme participants | 28 | 33 |
| Closing defined benefit obligation | 2,951 | 3,152 |

Reconciliation of the fair value of fund assets

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|---|--------------------------------------|--------------------------------------|
| Opening fair value of fund assets | 1,661 | 1,470 |
| Interest on assets | 59 | 68 |
| Return on assets less interest | (72) | 96 |
| Contributions by employer including unfunded | 73 | 79 |
| Contributions by fund participants | 28 | 33 |
| Estimated benefits paid plus unfunded net of transfers in | (59) | (85) |
| Closing defined benefit obligation | 1,690 | 1,661 |

Analysis of amount charged to operating profit

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Current service (cost) | (129) | (111) |
| Total operating charge | (129) | (111) |

Analysis of amount credited to other finance income

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|---|--------------------------------------|--------------------------------------|
| Interest income on plan assets | | |
| (Interest) on plan liabilities | (51) | (44) |
| Net interest on net defined benefit liability | (51) | (44) |
| Total amount charged to profit and loss (total operating charge less net interest) | (180) | (155) |

Analysis of amount recognised in Other Comprehensive Income (OCI)

| | Fund value 31 March 2016 £'000 | Fund value 31 March 2015 £'000 |
|--|--------------------------------------|--------------------------------------|
| Actual return on assets excluding amounts included in net interest | (72) | 96 |
| Actuarial gains/(losses) on plan obligations | 409 | (583) |
| Remeasurement gain/(loss) in Plan | 337 | (487) |
| Remeasurement gain/(loss) recognised in OCI | 337 | (487) |

Summary of amounts disclosed in the accounts

| Amount recognised in operating profit/(loss) | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Mencap pension scheme | - | (1,928) |
| Nottinghamshire County Council pension fund | (129) | (111) |
| | (129) | (2,039) |

| Amount recognised in finance income | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Mencap pension scheme | (783) | (995) |
| Nottinghamshire County Council pension fund | (51) | (44) |
| | (834) | (1,039) |

| Amount recognised in other recognised gains/(losses) | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Mencap pension scheme | 3,194 | (1,789) |
| Nottinghamshire County Council pension fund | 337 | (487) |
| | 3,531 | (2,276) |

| Defined benefit pension liability | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Mencap pension scheme | (19,227) | (25,807) |
| Nottinghamshire County Council pension fund | (1,261) | (1,491) |
| Staffordshire County pension fund | (48) | (48) |
| | (20,536) | (27,346) |

25. Related parties

Trustees

Prior to his appointment as a trustee in January 2016, Andrew Nebel acted as a paid consultant for Mencap from June to December 2015. He was not a related party at this time, and has not undertaken any disclosable transactions with Mencap since his appointment as a trustee.

Group companies

During the year, the following transactions took place between Royal Mencap Society and its subsidiaries:

- Golden Lane Housing paid £1,578 of interest on its intercompany loans with the charity
- Mencap Trust Company paid its annual management fee to the charity - £251,872
- Mencap Promotions Limited paid annual earnings of £165,910 to the charity by way of gift aid
- Payroll expenditure of £32,000 was reallocated from the charity to Golden Lane Housing
- A total of £210,643 of other expenses incurred within the group were reallocated between the charity and its subsidiaries

At 31 March 2016, the following intercompany balances were outstanding between the charity and its subsidiaries:

| | 2016 £'000 | 2015 £'000 |
|-------------------------------------|---------------|---------------|
| Golden Lane Housing Limited – loan | 4,185 | 4,507 |
| Golden Lane Housing Limited – other | 144 | 874 |
| Mencap Limited | 137 | 127 |
| Mencap Promotions Limited | 77 | 92 |
| Mencap Trust Company Limited | 255 | 281 |
| | 4,798 | 5,881 |

26. Adjustments on adoption of FRS 102

Mencap adopted FRS 102 with an effective transition date of 1 April 2014. This resulted in the following adjustments to the amounts presented in the previously published financial statements:

| | Reserves 1 April 2014 £'000 | Reserves 31 March 2015 £'000 |
|---|-----------------------------------|------------------------------------|
| Fund balances as previously stated | 49,761 | 49,560 |
| Adjustments arising on transition to FRS 102 / new SORP: | | |
| Recognition of freehold land and buildings at fair market value | 4,339 | 4,356 |
| Accrual for annual leave entitlement | (1,388) | (1,325) |
| Other adjustments affecting opening reserves: | | |
| Implementation of component accounting | 2,219 | 2,435 |
| Fund balances as restated | 54,931 | 55,026 |

| | Year to 31 March 2015 £'000 |
|---|-----------------------------------|
| Net movement in funds as previously stated | (201) |
| Adjustment to depreciation charge on freehold land and buildings | 17 |
| Movement in accrual for annual leave entitlement | 63 |
| Adjustment to depreciation charge resulting from component accounting | 216 |
| Net movement in funds as restated | 95 |

Freehold land and buildings

The transition to FRS 102 allowed Mencap to recognise classes of asset at their value as at the transition date. As it was felt that freehold land and buildings were likely to have a higher value at this date than was previously shown on the balance sheet, they were revalued as at 1 April 2014. This resulted in an increase in the value as at that date of £4,339k. Following the change in value, depreciation previously charged in the year to 31 March 2015 was adjusted to reflect the adjusted costs.

Annual leave entitlement

FRS 102 requires provision to be made for accrued employee benefits not previously recognised. Mencap has provided for employee annual leave entitlement accrued at each balance sheet date. This was done retrospectively from the transition date, resulting in adjustments to the reserves at 1 April 2014, as well as a change in reported expenditure for the year to 31 March 2015 due to movement in this accrual.

Component accounting

Golden Lane Housing Limited became a registered supplier of social housing during the year, and is therefore required to apply component accounting in respect of its fixed asset properties. This resulted in some adjustments to the carrying values of its assets at 1 April 2015, as well as to depreciation charges in the year to 31 March 2015.

27. Capital commitments

At 31 March 2016, the group has the following capital commitments. All are commitments of Golden Lane Housing Limited:

| | 2016 | 2015 |
|---|-------|-------|
| | £'000 | £'000 |
| Capital expenditure contracted but not provided for in the financial statements | 465 | 1,110 |
| Capital expenditure authorised by the board but not contracted for | 1,270 | - |
| | 1,735 | 1,110 |

These commitments are expected to be financed with:

| | 2016 | 2015 |
|--------------------------------------|-------|-------|
| | £'000 | £'000 |
| Proceeds from the sale of properties | 800 | - |
| Committed loan facilities | 935 | 1,110 |
| | 1,735 | 1,110 |

The above amounts include the full cost of shared ownership properties contracted for.



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