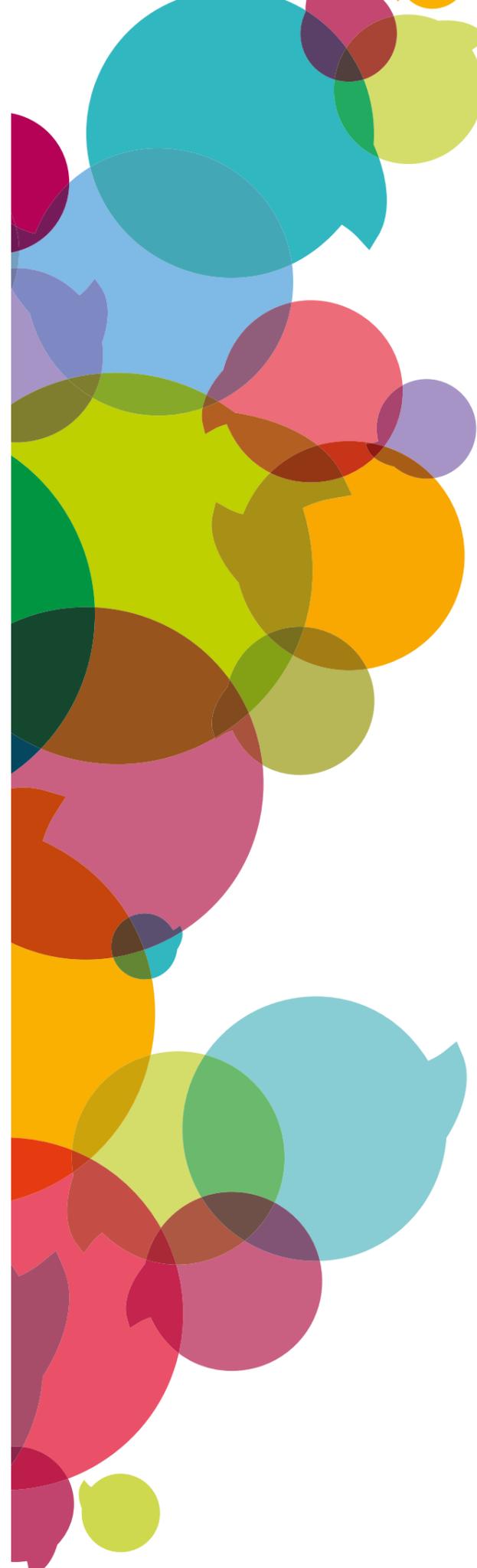


2017

# Annual report

Celebrating Mencap's achievements over the year





### Overview

The Mencap group (“Mencap”) is made up of a number of different parts. Royal Mencap Society (referred to as “the charity” in our accounts) is the parent charitable company, and 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 also a subsidiary of Royal Mencap Society and part of the Mencap group.

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## 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 six 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.





## 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 a learning disability. Unlike a learning disability, mental health problems can affect anyone at any time and may be overcome with treatment. A learning disability is a reduced intellectual ability and difficulty with everyday activities which affects someone for their whole life. 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.

### 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.



**Derek Lewis, chair of Mencap trustees**



**Jan Tregelles, Mencap's CEO**

## A word from the chair and CEO

### *An incredible year, and a huge step forward as we fight for inclusion*

Looking back on all that Mencap have achieved this year, and throughout our 70-year history, fills us with great pride. We would like to pay tribute to an extraordinary man who played a key role in many of the milestones we have reached – our President, Lord Rix, who we sadly lost this year. Lord Rix was not only our President, but a dear friend of ours who made a real difference to so many people with a learning disability through his tireless campaigning. We will honour his memory by building on the great work he started and all that we achieved together.

In 2016 we put learning disability on the map with the launch of our most ambitious awareness campaign to date: Here I Am. We hoped to transform the public's way of thinking about learning disability through a visually compelling campaign that placed people with a learning disability at its centre. It was incredible to see this send shock waves across the country and receive an overwhelmingly positive response.

We are continuing to make a difference in many other ways, too. I am delighted that Mencap directly assisted over 7,500 people with a learning disability during the year. We received 12,464 calls and dealt with over 5,200 in-depth information and advice cases. We delivered training to 463 healthcare staff and, marking a significant boost to our online resources, we launched a new website and peer-to-peer community – FamilyHub.

With all this progress and good news however, we still face many challenges. Among the most significant of these is the question of applying national minimum wage to the historic provision of sleep-ins. At the time of signing this report, government has been clear that it believes that people should be paid a top-up to apply average national minimum wage to historic sleep in shifts. While Mencap has faithfully adhered to governmental guidance of the time, we recognise that, along with many other service providers, we may therefore find ourselves facing a significant financial demand on our reserves. Based on the available governmental guidance with regard to both the value and inclusion of elements within the calculation, and reasonable assumptions concerning how claims for back pay may be determined, the best estimate is a liability of up to £20m. In accordance with the reporting standards applicable to this document, this has been disclosed as a contingent liability. Along with the rest of the sector, Mencap is actively seeking government funding for the liability. We consider it to be a result of government guidance and consequent historical under-funding, making it a government responsibility.

Despite these uncertainties, we know we must always look ahead and there is still so much more that we need to do. Employment is going to be a big priority for us. We are committed more than ever to breaking down the barriers that stop people with a learning disability from securing employment. This will ultimately help us get closer to realising our vision: a world where people with a learning disability are valued equally, listened to and included.

**Derek Lewis (chair) and Jan Tregelles (CEO)**

# Lord Brian Rix

## Remembering an extraordinary man

Last year, we sadly lost our President, Lord Brian Rix – a dedicated activist who was at the heart of the Mencap movement for over four decades.



In 1951, Lord Rix's first child, Shelley, was born with Down's syndrome. He and his wife Elspet were told to 'put her away, and forget about her'. And it was this cruel advice that inspired Lord Rix to start campaigning for people with a learning disability and their families.

Lord Rix was a much-loved household name, famous for his TV farces. Admirably, he used his fame to raise money for Mencap, which led to him being awarded a CBE in 1977. Between 1980 to 1988 he was secretary general of Mencap, becoming chairman in 1988 and then President 10 years later – a role held until he passed away.

Lord Rix was awarded a knighthood in 1986 and became a Life Peer in 1992. He was also a tireless force in the House of Lords, using his position to influence legislation, and ensure the interests of people with a learning disability were represented.

An extraordinary man, he will be greatly missed by Mencap and all those who knew him.

Share your memories of Lord Rix on our website:  
[www.mencap.org.uk/LordRix](http://www.mencap.org.uk/LordRix)



## Our six key priorities for 2020

These are the areas of life we want to have the biggest impact on, where there is the most need to see change for the better. This year, we decided to revisit these priorities and made some small changes to how we describe them. That's because we wanted to be more specific about the work we're doing and communicate this as clearly as possible.

In addition, we feel that supporting people with a learning disability into employment is so important that it should be a key priority in its own right. Over the next year, we will be taking the employment work previously included within *Making a difference, here and now* and building on it in order to fully realise our ambition for this priority.

### Reducing stigma and discrimination

**Where we started** - We knew that negative attitudes were a problem but we didn't know enough about who held them, the different ways they affected people and how best to change them.

**Where we are now** - Our research shows that contact between people with and without a learning disability is the best way to increase positive attitudes and that many lasting attitudes are formed between the ages of 8-14.

**Where we want to be in 2020** - To have significantly increased contact between 8-14 year-olds with and without a learning disability across the country and to see people with a learning disability featured regularly in the media.

### Making a difference, here and now

**Where we started** - We knew that focusing on standards that describe the quality of service wasn't enough and that to improve what we do we needed to focus more on people's individual experiences, their quality of life and the way that we use person-centred practices to support them.

**Where we are now** - We have delivered What Matters Most sessions to over 500 managers, combining the concepts of quality of life and person-centred practice with how we keep services safe, reliable and stable. Over 400 colleagues have received training in positive behavioural support. We're planning to secure around 90 new Golden Lane Housing tenancies.

**Where we want to be in 2020** - The people we support will be living more fulfilling lives. More people will be in living accommodation that suits their needs. People will be supported to develop and achieve the goals that are important to them and to make choices.

### Supporting friendships and relationships

**Where we started** - We had a network of Gateway Clubs and local groups delivering different levels of support for middle-aged and older people but they weren't very linked to our services.

**Where we are now** - Our 'Round The World Challenge' is raising the expectations for friendship and fun in people in our services and in the community. We've tested new community based support and volunteer models to increase social and leisure time for younger people. We've developed and tested a sex and relationships course for people with a learning disability.

**Where we want to be in 2020** - We'll be offering a range of opportunities for people of all ages to socialise and have friends and people with a learning disability will be more comfortable talking about sex.

### Improving health

**Where we started** - We knew that poor health outcomes and 'death by indifference' cases were still an issue, and that many healthcare professionals were not making reasonable adjustments for people with a learning disability.

**Where we are now** - We've developed learning disability awareness training for healthcare professionals that we are confident works and we know there is an appetite for it from NHS (England).

We are supporting the use of 'health bundles' in hospitals in Wales. We better understand the key adjustments that are not being made (communication, time and information) and we're planning a national influencing campaign.

**Where we want to be in 2020** - More healthcare professionals are aware, skilled and able to support people with a learning disability. And people with a learning disability and their families in England and Wales understand their rights and demand great healthcare.

### Early intervention

**Where we started** - We had a strong early years offer in Northern Ireland but nowhere else. We knew that family resilience was an issue for families of people with a learning disability. We knew families didn't access mainstream support but we didn't know why.

**Where we are now** - We're looking at how we can make sure early intervention happens for people with a learning disability and their families. We are developing a family resilience offer. We are getting better at demonstrating the impact of our early years offer in Northern Ireland and we plan to extend it.

**Where we want to be in 2020** - Early intervention happens for more families to support the best outcomes. We have effective young people and family support services that we are able to offer to more people with a learning disability and their families.

### Employment NEW

**Where we started** - We were delivering a variety of employment services but not necessarily a joined-up package with a clear progression route and not in all areas.

**Where we are now** - We have mapped our support and routes to employment and we are much better at showing the impact of our employment services. We are developing new routes into work such as apprenticeships and internships.

**Where we want to be in 2020** - We will be supporting more people into work in more parts of the country.



## Trustees' report





## Reducing stigma and discrimination

By 2020 we want people with a learning disability to experience less stigma and discrimination.

### Why is this important?

We want to see people with a learning disability being treated equally and with respect. To achieve this, there needs to be a significant, measurable reduction of stigma and discrimination among the public.

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

We have identified two key audiences to target, which are:

- Children and young people. Research suggests that children tend to express more negative attitudes towards peers with a learning disability than peers with other disabilities.<sup>1</sup> Working with children and young people between the ages of approximately 8–14, while attitudes are forming but before they 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 increases the likelihood of stigma and discrimination.

### 2020 goals

By 2020, we will have:

- improved our knowledge (and that of others who work in this area) of the impact of stigma and discrimination on people with a learning disability

- reduced stigma and discrimination through increasing contact among young people with and without a learning disability
- supported people with a learning disability to be more visible in the media in a positive way

### What we have done this year

#### Improved our knowledge of the public's understanding and attitudes to learning disability

##### Completed our research into public attitudes

Our research into public attitudes towards people with a learning disability is now complete. An online survey was conducted with a representative sample of 2,002 UK adults aged 16 and over using Ipsos MORI's online panel (IIS). Initial analysis of the data by Ipsos MORI revealed that:

- 27% of UK adults think that a learning disability is a form of mental illness.<sup>2</sup>
- 27% of UK adults think that learning disability does not last your whole life.
- Just 10% of the UK adults say they have seen someone with a learning disability featured in newspapers or magazines in the past six months, and only 14% have seen people with a learning disability being talked about in TV news reports.
- After watching a video including people with a mild learning disability, only 67% of UK adults agreed that people with a learning disability like those in the video can be as good parents as anyone else.<sup>3</sup>

- 6% of UK adults, having watched a second video of people with a severe learning disability, say they would feel uncomfortable using the same swimming pool as someone with a learning disability like the people in the video.

Separate analysis on this data was conducted internally, with support from members of the External Academic Forum (EAF). The results of these analyses suggest that members of the public with higher levels of contact with people with a learning disability and greater

understanding of learning disability had more positive attitudes to the empowerment and inclusion of people with a learning disability. We have decided not to undertake a large-scale public attitudes campaign at this stage, and instead focus our efforts on increasing the visibility of people with a learning disability, both locally and nationally, through the media. We also hope to increase opportunities for direct contact between people with a learning disability and people who do not have a learning disability across all areas of our work.



<sup>1</sup> Young Children's Attitudes Toward Peers with Intellectual Disabilities: Effect of the Type of School article Journal of Applied Research in Intellectual Disabilities 25(6):531-41 · November 2012

<sup>2</sup> Please note that after measuring participants' initial understanding, the survey provided a definition of learning disability for participants to read before answering the remaining questions.

<sup>3</sup> The survey included two video clips, one showing people with a mild or moderate learning disability and the other showing people with a severe learning disability, to help generate a shared understanding of mild-moderate and severe learning disability among participants.



This priority area was recently called *Raising awareness and changing attitudes*

“I am really pleased with the impact on relationships between the pupils. The mainstream pupils are really at ease within the special school environment and seem to relax when they are here. This is the perfect backdrop for forming new relationships. There’s no pressure to reach a particular standard and you can choose what you would like to do or even if you want to attend.”

A teacher delivering the All In award



### Influenced young people to be more accepting of learning disability

#### All In award

This year, we delivered a successful inclusive schools project: All In. We know that the best and most sustainable way to change attitudes is by increasing direct contact – and this project is an effective way to do this. All In aims to change the attitudes of school children without a learning disability aged between 8 and 13 by increasing their contact with children with a learning disability of a similar age. The young people work together in a positive way to achieve the award.

The All In award was successfully delivered in 12 schools, exceeding our target of 10, reaching 140 children.

An impact report by University College London (UCL) is in progress, but initial findings are very positive, including increased engagement between children with and without a learning disability, and evidence of greater enjoyment

of each other’s company, overall encouraging greater inclusion.

We’ve also seen children without a learning disability developing their social skills and confidence to interact with children who have a learning disability, and we want to build on this progress.

### Achieved more positive national media exposure of people with a learning disability

#### Provided a platform for people with a learning disability

We supported four spokespeople with a learning disability to speak in the media on behalf of Mencap this year. In total, there were 183 pieces of national media coverage about Mencap featuring someone with a learning disability.

Our focus on sport has been a very effective means of achieving greater media exposure for people with a learning disability. We supported 200 athletes and swimmers to take part in

national competitions, as well as 7 athletes in the Great Britain squad at the Rio Paralympics who secured 11 medals (which was 8% of the total medals for the Great British team). Their success resulted in a surge of positive media coverage for people with a learning disability.

#### Built relationships with media influencers

We sat on Channel 4’s Year of Disability Advisory Forum, which resulted in a doubling of disabled talent in 21 of the biggest shows, including Hunted, The Island with Bear Grylls and The Secret Life of 5 Year Olds. Off-screen, the careers of 26 disabled people (exceeding our target of 20) were progressed, and 50% of apprenticeships were ring-fenced for disabled people.

#### Here I Am: our biggest awareness campaign yet

Mencap launched Here I Am to raise awareness and understanding of those with learning disabilities, amongst 24–35 year olds. The campaign combined with a Thunderclap<sup>4</sup> media

strategy gave Mencap the national agenda for a day and created a movement to force re-appraisal of people with learning disabilities.

Powered by TV, cinema, online video, OOH (out-of-home media), press, website, social and influencers, but most importantly people, it created a long-term rallying cry.

The campaign trended within 3 hours, reached over 21 million people and saw over 2 million online engagements. Semi-prompted awareness amongst 25–34 year olds went up by 4%; prompted awareness by 5%. For the first time more people now think Mencap work with ‘learning disability’ as opposed to mental health.<sup>5</sup>

<sup>4</sup> A way to rally individuals and companies around one key message for a short and specific period of time.

<sup>5</sup> This statement is supported by a statistic from the nfpSynergy, Charity Awareness Monitor, Jan 2017 (Mencap’s tracking partner). This report stated that 3% more people agreed with the following statement: Mencap is a charity working in ‘learning disability’ as opposed to ‘mental health’.

# HERE I AM.

## Our biggest awareness campaign yet

Last year marked not only our 70th anniversary, but also the launch of Here I Am – Mencap's biggest awareness campaign yet.

### Aims

The aim of Here I Am is to give people with a learning disability a platform to be seen and heard in places they are usually excluded from – boosting our efforts to raise awareness and change attitudes.

'Here I Am' has three objectives:

- Increase awareness of Mencap
- Increase understanding of learning disability
- Make learning disability an issue that is relevant now

### What we did

We had photos taken by renowned photographer RANKIN, a logo designed for us by Anthony Burrell, produced a short film featuring a DJ with Down's syndrome and added a new 'Understand me' tool on our website.

As part of the Here I Am campaign, we also commissioned Ipsos MORI to undertake the first in-depth survey of UK public attitudes towards people with a learning disability for 30 years. This revealed that just 10% of people surveyed said they had seen someone with a learning disability featured in newspapers or magazines in the past six months and only 14% had seen someone with a learning disability being talked about in TV news reports.

### Early results

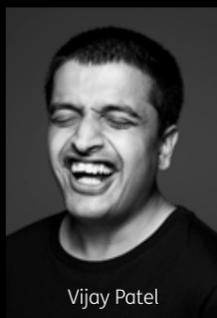
In the month following the campaign's launch:

- Our prompted awareness (people who said yes when asked if they had heard of Mencap) increased by 3%, rising from 71% to 74%. For our target audience, it increased by 5%, rising from 53% to 58%.
- Paid advertising across outdoor, TV, print, cinema and social media for the campaign launch is estimated to have reached 22.5% of

the population, creating 21.6 million impacts (for example: seeing a TV advert or a tweet).

- Digital activity led to #HereIAm trending on Friday 21 October across the UK. The content we produced for the campaign - including the film, blogs, photographs and new content produced for us by social influencers - led to well over 2 million engaged actions being taken on social media.
- The film was viewed 822,000 times online in the first four weeks.

The size of the campaign shows just how far we've come since 1946, when Judy Fryd started a movement with other parents, leading to what we have become today – the UK's leading learning disability charity.



Vijay Patel

**"I HOPE THE CAMPAIGN CAN GET THE PUBLIC TO SEE WHAT IS POSSIBLE FOR PEOPLE WITH A LEARNING DISABILITY.**

**WHEN GIVEN THE CHANCE WE CAN ACHIEVE SO MUCH, AND HOPEFULLY HERE I AM IS THAT CHANCE. I HOPE PEOPLE WITH A LEARNING DISABILITY ARE UNDERSTOOD BETTER THAN EVER AFTER THIS, AND AM PROUD TO FIGHT FOR THIS CHANGE."**



Our prompted awareness\* increased by 3% rising from

**71% to 74%**

For our target audience, it increased by 5%, rising from

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There were over

**2.8 MILLION**

engaged actions online.

The film was viewed

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times online in the first four weeks.

Paid advertising across outdoor, TV, print, cinema and social media for the campaign launch is estimated to have reached

**22.5%**

of the population, creating 21.6 million impacts

\*people who said yes when asked if they had heard of Mencap



## Making a difference, 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.

### Why is this important?

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

Our services make a real difference to people with a learning disability every day. They can change attitudes among the public and positively impact all areas of life, from improved health to the development of friendships and relationships. Direct services to improve people's lives are a huge part of what we do. Everyone who works in a service-facing team helps us to change lives on a daily basis. We want to make sure that everyone who receives a service, whether from us or not, can lead a fulfilling life. We cannot influence all of this directly, but we want to continue to build on our understanding of services and use our knowledge to change things for the better.

 This priority area was recently called *Making a difference to the lives of people with a learning disability here and now*

For this priority we are focusing on:

- our social care services. We want people with a learning disability who receive social care to lead more fulfilling lives
- employment
- housing
- information and advice.

### 2020 goals

By 2020, we will have:

- understood better the difference that we make in people's lives
- supported people with a learning disability to live the way they choose
- provided key information and advice.

### What we have done this year

#### Enabled people with a learning disability to have a better quality of life through providing direct social care support.

This year, we provided direct support to over 7,500 people with a learning disability, which included 5,421 people supported by Mencap under central and local government contracts. The support we provide can range from help with things like going to the shops, paying bills or giving carers a break, right through to providing 24-hour support to people who have very complex needs.

#### Re-launched What Matters Most – our person-centred quality and practice framework

What Matters Most (WMM) describes how we use person-centred practices to develop safe, reliable and stable services, so we can deliver improved experiences and outcomes for people.

We completed the re-launch of WMM and trained 500 managers. The new framework helps us to better support people and deliver our services to the highest standard.

#### Increased our positive behavioural support capability

Challenging behaviours can have a hugely negative impact on the quality of life for the people who exhibit them and those around the individual. Positive behavioural support (PBS) is an internationally recognised, evidence-based approach that helps us 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 trained more than 700 of our colleagues in PBS and are building on our learning. This exceeded our target of 200 people trained.



**Provided homes to more people with a learning disability**

By working closely with Golden Lane Housing (Mencap’s subsidiary housing provider), we have achieved over 90 new tenancies for people with a learning disability across England, Wales and Northern Ireland, in high quality, bespoke housing.

**Increased employment**

**Supported people at risk of offending into employment**

We’re committed to getting more people with a learning disability into employment. As part of this work, we run Step Up – a 2-year pilot programme for people with a learning disability or communication difficulty aged 16-30 who have offended or are at risk of offending.

Even at this very early stage, of 114 people who have gone through the programme, 85 have taken part in a work experience placement, 11 secured paid work and 1 has started an apprenticeship. In addition, 6 participants have moved into further training since completing the project and 10 are doing voluntary roles.

**Supported people with a learning disability into employment**

This year, we have supported over 300 people with a learning disability into paid work. As part of our work to prepare people with a learning disability for employment, we also supported 2,224 people to learn new skills, develop self-confidence, and gain work experience through programmes such as Employ Me.

We formed links with companies that produced a range of positive outcomes, the largest being a sub-contract with employment agency REED to support 378 people over a 2 year period.

**Increased the number of employers taking part in Learning Disability Work Experience Week**

We know from our research and experience that one of the major barriers for people with a learning disability seeking employment is the lack of learning disability awareness among employers. We’re helping employers to better understand learning disability in order to influence the creation of more opportunities and reasonable adjustments. As part of this, we

ran the 4th year of our work experience week initiative, which is proving to be a very effective way of engaging employers. This year 200 placements were secured, which is a huge leap forward from 8 placements when we started the initiative in 2013. The week included the involvement of both large and small employers, from Channel 4, the Guardian and Fujitsu, through to Leeds-based riding school Think Like a Pony.

**Regulatory performance**

The safety and wellbeing of the people we support is a priority for us. We have developed the necessary relationships with local authorities to ensure that safeguarding is effective and compliant.

We have steadily improved our regulatory performance in 2016/17 and are immensely proud that as we end the year 96% of our services have been rated as good or outstanding. This is a great achievement and is 25% above the average for all adult social care providers and 10% above the average for all providers of learning disability services reported in the Care Quality Commission State of Adult Social Care report 2015/16 (published in October 2016).

**Provided high quality information and advice**

In 2016, our helpline staff in England received 12,464 calls and dealt with over 5,200 in-depth information and advice enquiries from family carers, people with a learning disability and professionals on a wide range of issues including benefits, social care, special educational needs provision, healthcare and mental capacity. In addition, we dealt with over 4,000 emails and web enquiries. In Wales, we received 1,600 calls, and in Northern Ireland there were over 1,100.

We have also made great strides in embedding our information and advice work into our campaigning and policy. The enquiries that come through our helpline – Mencap Direct – tell us what people with a learning disability and their families are facing on a whole range of issues. This both informs and strengthens our campaigns and policy work.

In Wales we have developed a partnership with Cardiff School of Law, where law students produce advice toolkits for Wales-specific laws. These toolkits help families to deal with issues such as access to social care, housing or education, and have been used 700 times.

**New website to enable better information and advice**

The Mencap website was relaunched in June 2016. Key new features include an improved information and advice section, better search functions, a preference centre so that our supporters can easily manage how we communicate with them, and a new peer-to-peer community for parents and carers – FamilyHub, which we discuss more under the Early Years section below.



\*Number of times our digital platforms have been visited – includes people who have visited more than once.

\*\*Digital following means all the people who follow us across our social media channels, subscribers to our regular e-news updates and members of Mencap communities online.



“Working makes me feel happy and proud.”

## Jonathan's story

Jonathan took part in Mencap's Supported Internship Study Programme – and here is why he is one of our proudest success stories:

A year after leaving college, Jonathan was keen to find paid work. Taking part in our programme equipped him with the skills he needed for employment and opened doors to exciting new opportunities.

“I wanted some help to take me forward. I'd never had a paid job and I thought this course might help me,” he says.

“At the start, my tutor asked me a lot of questions about what I enjoyed doing and how I liked to learn. We then made a plan to help me reach my targets. I wanted to work in catering, so I chose units such as Introduction to Catering and Communication at Work to help me get the skills I needed and build my confidence with customers. I wanted to improve my skills in English and maths too.

Together with Mike, lead coordinator at Mencap, I visited local shops to price up goods, studied local bus timetables and read menus in a café. We also followed the BBC Bitesize programmes on a laptop, which I really enjoyed. I worked really hard at this and am happy to say that I went up a whole level in both my English and maths Functional Skills exams.”

“I completed a placement at the League of Friends Café in John Radcliffe Hospital in Oxford in the catering team. I worked with Mike on how to clean and clear the tables, load the dishwasher and butter the rolls. I also got much more confident with talking to customers and asking questions if I did not understand something.”

“I soon managed to get a paid job at Costa Coffee in Thame. I now work there two days per week for a total of eight hours, and Mencap have helped me to get another paid job at McDonald's, so I am really pleased.”

“I feel that doing a supported internship programme has really helped me. It has been fun working with Mencap and it has helped me move on in my life.”

Today, Jonathan is getting on superbly as he progresses and takes on new responsibilities. His confidence has grown enormously and made him feel like a valued member of society.

“I like working as part of a team, meeting different people and making friends. Learning new skills makes me feel more independent”, he says.

“Working makes me feel happy and proud.”



## 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.**

### Why is this important?

We have come a long way from people with a learning disability being isolated in institutions in the last century. We moved people from institutions but did not do enough to remove the other barriers that prevent people with a learning disability being fully included as part of their communities. Now people with a learning disability are often isolated, not in institutions, but within their own communities.

We all know that loneliness impacts on both physical and mental health. Friendships can reduce loneliness, as well as helping people to feel happier, included, and more independent or in control of their life. 50% of people with a learning disability experience chronic loneliness compared to around 15-30% of the general

population. In fact, 34% of adults with a learning disability do not have more than yearly contact with friends and 41% of adults with a learning disability do not have more than yearly contact with family members that they don't live with.

As well as friendships, people with a learning disability are much less likely to have personal and sexual relationships. We do not know how many people with a learning disability are in a relationship, but research has found that only 3% of people with a learning disability in England live as part of a couple, in comparison with 70% of the general adult population.

Our research last year helped us to identify five key barriers to developing friendships and relationships. All work developed and delivered in this area must address these barriers.

The barriers are:

A) Practical	Limited opportunities, accessible information and/or support.
B) Psychological	Lack of self-confidence and independence. For personal and sexual relationships, low self-image is common.
C) Economic	Poverty and unemployment make it harder to afford activities – made worse by cuts to social care.
D) Social and cultural	Less value placed on friendships and relationships that people with a learning disability have. Overprotective and restrictive behaviour from parents and being ignored or mistreated by the general public
E) Physical	Lack of accessible transport, places to go and facilities, for example, accessible toilets, or lifts. For personal and sexual relationships, lack of privacy, for example bedrooms, and private space.

We know that people with a learning disability have individual needs that depend on many factors such as their age and location, and we have therefore strived to develop activities that are suitable for everyone.

### 2020 goals

We want everyone with a learning disability to have a supportive network of family, friends and other social connections.

By 2020, we want more people with a learning disability:

- engaged in meaningful activities
- enjoying better friendships
- having improved romantic and sexual relationships.

### What we have done this year

#### Supported people aged 14 and above to do more and make friends

We delivered four projects targeted at different age groups and interests which aim to increase access to activities and build friendships.

#### Play Our Way

We supported 15 young people in Wales, through Play Our Way – a project that helps people with a learning disability have improved emotional and social wellbeing, and enjoy better friendships.

#### Round The World Challenge

The Round The World Challenge (RTWC) is a fun, physical activity challenge that turns hours of sport and fitness-based activities into a round-the-world adventure. This year, we delivered the challenge to 585 people across 18 groups and services – including 7 Mencap services and 6 local groups. This totals over 28,000 hours of activity and has resulted in 6 people with a learning disability getting qualified to support others to run and lead their own groups. We also now have 5 new inclusive sports groups, leading to more sustainable activity as the groups will continue without our support.

While a full report on the impact of this activity is in progress, evaluations received so far indicate that the RTWC is making a big difference to people's lives. For example, in Long Eaton, Derbyshire, highlights included being able to make friends, feeling included and less isolated. We are pleased to share that two romances also developed, and many friendships have been formed – several went on holiday together and had a wonderful time.

#### Gateway Award

The Gateway Award is an activity award scheme for people of any age or ability. The award encourages people to gain new skills and experiences, become more independent, make friends, be active in the community and improve their health and wellbeing.

This year, over 500 participants took part. The impact report is in progress, and will show how the award impacts friendships and relationships.

Case studies gathered through focus groups already indicate the award enables people to grow in confidence and have more control and choice over the activities they do and who they do them with, and enhances friendships

#### Supported adults and older people with volunteers to access activities and build friendships

We supported 136 adults with a learning disability to access activities in their community and build friendships and relationships with the support of a trained volunteer through three projects; Sidekicks, Mencap Visiting Service and Link Me in Northern Ireland.

In all of these projects volunteers support people with a learning disability on a one-to-one basis to take part in leisure and other community-based activities of their choice. Volunteers are recruited on the basis of shared interests, and encourage people with a learning

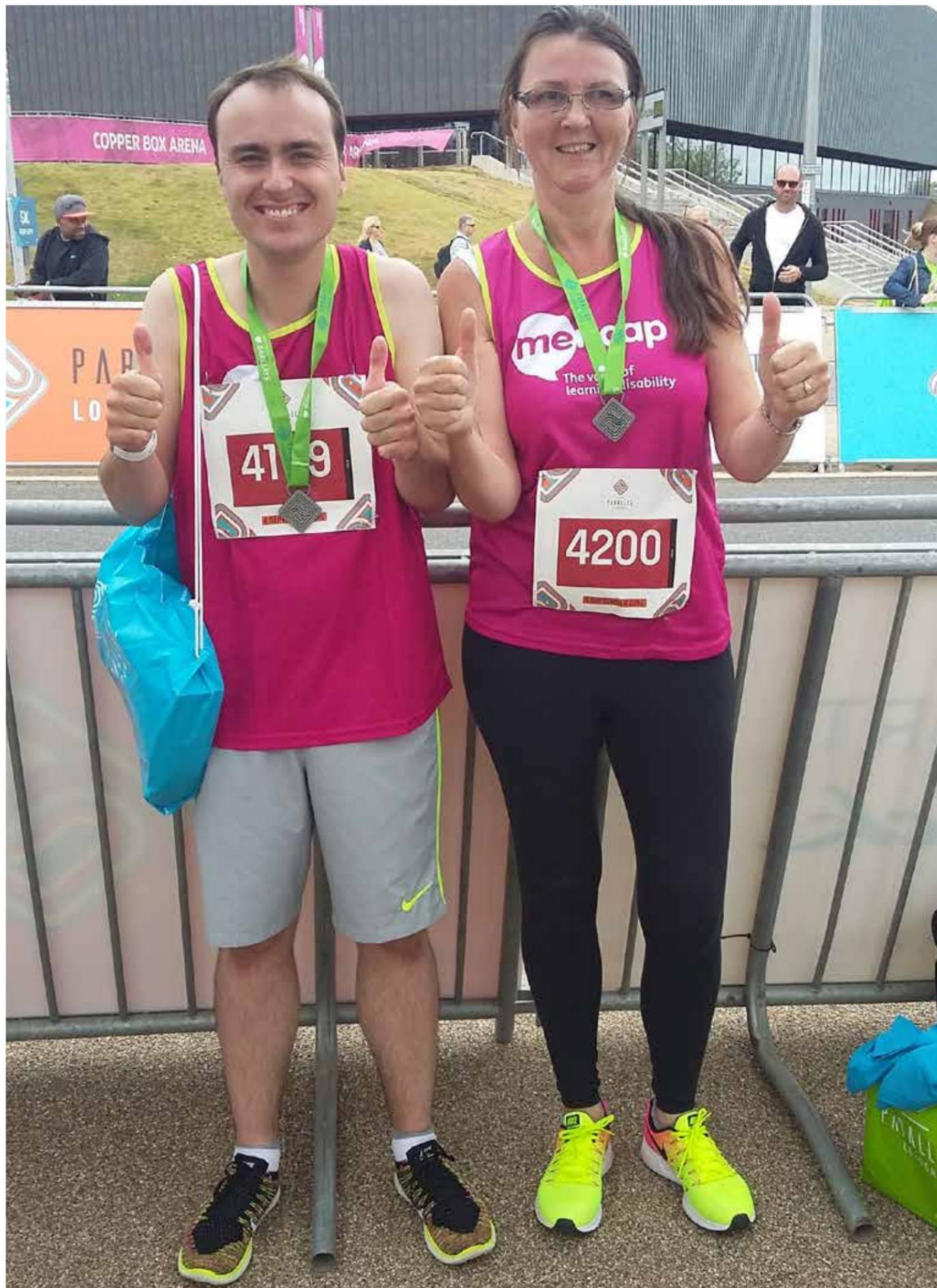
disability to build friendships with people outside of their existing network of home, family and support staff.

#### Supported people with a learning disability to improve their knowledge and confidence, and enjoy healthy personal and sexual relationships

We ran 4 pilots that focus on sexual relationships against our target of 3. This involved collaboration with the Family Planning Association to support 40 people to have better knowledge and understanding about personal and sexual relationships.

In addition, through the learning and development team, we have delivered training to 241 staff over 16 events, equipping support workers with the awareness and skills to support people in our services to have romantic and sexual relationships.





Over 600 people have signed up to the Round The World Challenge.

Mencap's Round The World Challenge is a great opportunity to get involved in a fun, meaningful activity that can lead to friendships, boosts in confidence and better health. Local group Doncaster Mencap recently took part and loved every minute!

The Round The World Challenge (RTWC) is all about turning hours of fun sports and physical activities into a round-the-world adventure. So, how does it work? Well, hours of activities equals distance travelled, and you can choose from three different routes: UK – 20 hours activity, Europe – 40 hours activity, world route – 60 hours activity. Any form of physical activity can help you complete the challenge and you can do this in a group or on your own at any time, any place.

There were 49 participants in total from Doncaster Mencap, aged between 23-61 years old, starting the challenge in August 2015 and finishing in September 2016. Between them, they completed an impressive 3,700 hours of sport and physical activity.

Before getting involved in the RTWC, many of the participants had issues with their health, diet and confidence. We're pleased to say that the challenge has made a real difference. Victoria Williams, outreach worker with Doncaster Mencap said, "One of the biggest achievements

was members participating in sport and exercise who in the past have done very little exercise. They wanted to be involved so they could move round the map and receive postcards."

Charlotte, a member of Doncaster Mencap, took part in the challenge playing basketball, football, bowling, curling, tennis and Wii fit. "It has made me happy, more confident and healthier," she says.

The RTWC is just one of the ways we're championing inclusion – a value we hold dearly, and one that defines who we are. People of any age and ability can take part in the challenge, choosing fun, physical activities that will make up their journey.

So far, over 600 people have signed up to the RTWC from Mencap groups, Mencap services and external organisations. The challenge is currently running in South Yorkshire, Merseyside, Tyne & Wear, Oxford, Greater Manchester, Birmingham, and Hampshire and the Isle of Wight.



## Improving health

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.

### Why is this important?

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. 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 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. 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.”

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

We want people with a learning disability to have better health. That means a significant and measurable improvement to healthcare workers’ understanding of, and skill in working with people with a learning disability and what they need to change to deliver high quality care for everyone.

### 2020 goals

By 2020, we will have:

- improved the understanding and skills of primary and secondary health professionals in working with people with a learning disability
- supported health professionals to have a health system that encourages them to provide quality healthcare to people with a learning disability

- improved the knowledge and awareness of people with a learning disability and their families, carers and supporters around their rights to reasonable adjustments.

### What we have done this year

**We delivered 28 training sessions to 463 healthcare staff and improved the understanding and skills of health professionals working with people with a learning disability at the following sites:**

- Imperial College Healthcare NHS Trust.
- Barts Health NHS Trust.
- Guy’s and St Thomas’ NHS Foundation Trust.
- Moorfields Eye Hospital NHS Foundation Trust.
- Lewisham and Greenwich NHS Trust.
- Greens Norton and Weedon Medical Practice.

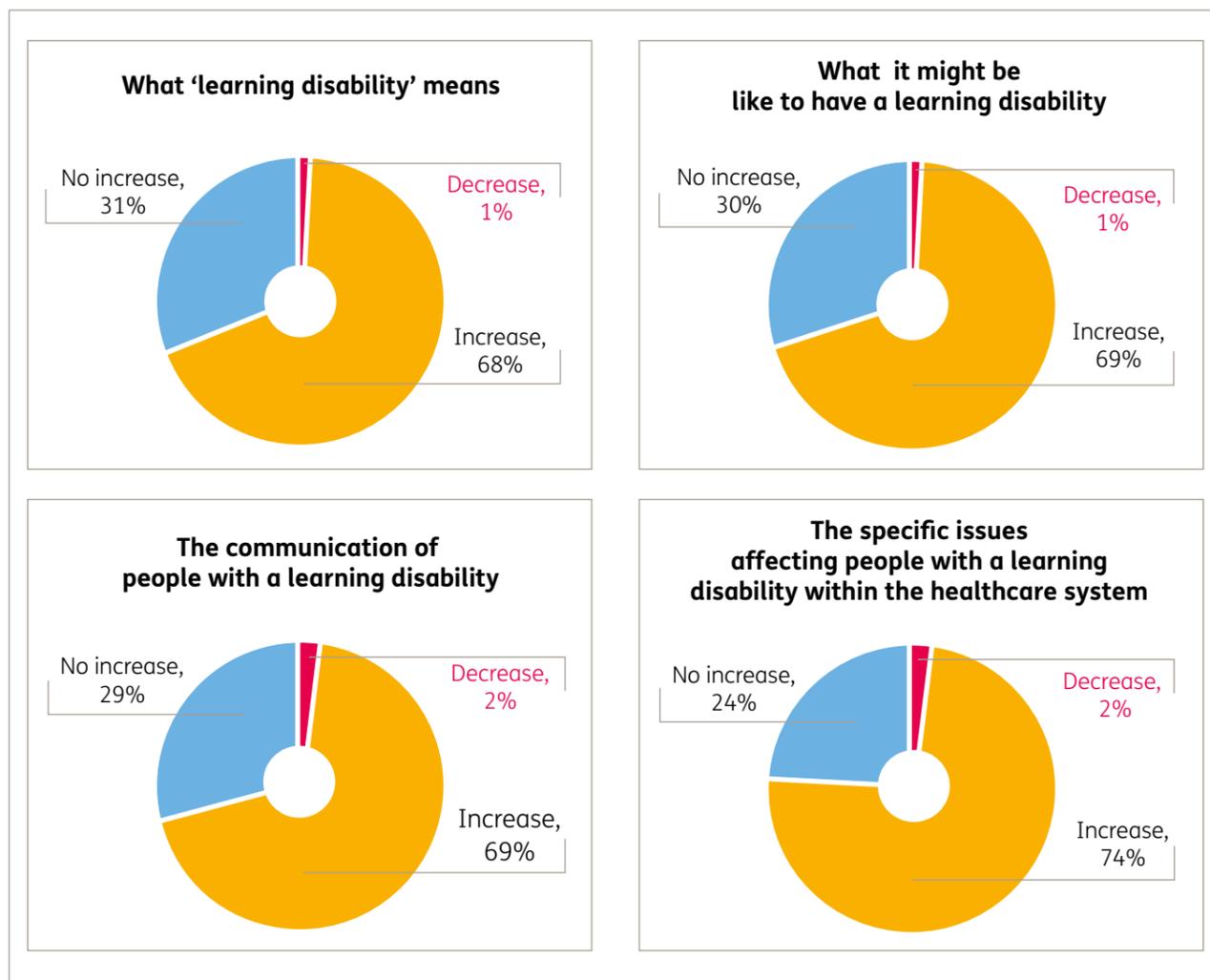
Participants included students, GPs, doctors, other healthcare professionals and administration staff. Two evaluations were completed for Imperial College Healthcare NHS Trust and Guy’s and St Thomas’ NHS Foundation

Trust. A full evaluation report has been produced, looking into the impact the training achieved. The pie-charts below show how many of the delegates who attended the training sessions, rated their knowledge as improving as a result of the training.

The results compare the change in knowledge before and after the training on:

1. What ‘learning disability’ means
2. What it might be like to have a learning disability
3. The communication needs of people with a learning disability
4. The specific issues affecting people with a learning disability within the healthcare system

The evaluation has shown that the training significantly increased the knowledge levels of participants in all four areas.



**The impact of our training: how it made a difference**

- The training received extremely positive feedback. 97% of attendees would recommend it to colleagues. A third rated it 'excellent', just over a half rated it 'very good', and the remainder rated it 'good'.
- Two thirds of attendees reported a significant increase in knowledge as a result of the course. 98% agreed that, after the training, they were motivated to change their practice. The same percentage wanted to learn more about learning disability.
- 97% of attendees agreed the training course should be compulsory during nurse and medical training.
- 46% of attendees felt the group that most needed the training was doctors.
- The three most commonly cited barriers to implementing this good practice were: time

pressures, the attitudes, knowledge and habits of colleagues, and power dynamics

Plans for further engagement and influencing are now under way.

**Increased awareness of support staff of care bundles in Wales**

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.

We are currently delivering health training to personal support staff in Wales so they understand and can hold hospitals to account for the obligations they have to people with a learning disability who get admitted. This has been delivered to 400 staff this year.

Our evaluation has shown that staff understand and feel confident with the language of the care bundles and are equipped to use monitoring tools. Initial feedback from personal support managers delivering the training indicates that staff feel more confident to challenge health professionals using the Care Pathway Toolkit and we are gathering formal evaluation from staff.

The Care Pathway Toolkit is a handy credit-card sized reporting tool which explains what interventions should be happening and when for a patient with a learning disability when they go into hospital. Staff supporting a person with a learning disability will be able to tick off when these interventions have taken place and can comment on how it made the person they support feel. Mencap Cymru will then collate these cards and will be able to see how hospitals are performing even down to how well (or not) each ward is implementing the Care Pathway procedures.



“It’s going to make hospital staff more aware.”

## Care bundles training: how it’s benefiting our support workers

**Mencap equip their support staff with the skills and knowledge they need to provide the best possible care to people with a learning disability. This is vital in our efforts to improve health.**

In 2014, the Welsh government published its ‘care bundles for people with a learning disability in hospital,’ as a response to the tragic death of Paul Ridd at Morriston Hospital. The care bundles are a set of seven interventions – or actions - designed to improve the care and support people with a learning disability receive in Wales’ hospitals.

Three years on, people with a learning disability in Wales are still receiving poor healthcare. With that in mind, Mencap Cymru created a training programme to empower support workers to understand the care bundles, to challenge bad practice and to record people’s experiences in Welsh hospitals. The information we gather will be used to influence the Welsh government and improve healthcare for everyone with a learning disability in Wales.

Here’s what support worker Hannah Lowry had to say about the training:

“I thought the training was really good. I learned about making sure healthcare professionals know to look for the illness and not just see the learning disability. That was the main thing I took away from it.”

“It was shocking to me that no-one from the hospital really stood up for Paul. It was that he was left and that his best interests were lost. In that setting we expect people to be cared for and it didn’t happen.”

“I think the care bundles are going to help. It’s going to make hospital staff more aware. They are so overworked though that there’s still the question of whether the interventions happen or not.”

“Having had the training I’d definitely feel more confident about challenging bad practice in a hospital setting. I’ve already done it for my own grandad!”



## Early intervention

By 2020 we want more children with a learning disability, aged 0-5, to have better health and development, improved cognitive skills, and stronger social and interpersonal skills – and families must have access to the support they need to raise their child independently.

### Why is this important?

We want every child with a learning disability to have the best start in life so they have the best future. We know the right early support makes a critical difference to children's life chances and lays the foundation for future health, happiness and achievement. Families are key to ensuring children get this support; supporting them makes the biggest difference to their child's life outcomes.

Our research shows the inequalities people with a learning disability and their families experience often have their roots very early in life. Evidence shows that early intervention is crucial: it can positively affect children's lives by developing their adaptive skills and strengthening families – giving them the tools to support children to develop and thrive.

 This priority area was recently called *Giving children the best start in life*

## 2020 goals

By 2020, we want more:

- children to have access to early years support
- families being supported to build their resilience and capability in the early years

## What we have done this year

### Supported children with a learning disability

This year, our Children's Centre in Belfast provided direct support to over 200 children aged 0-5.

Our Early Years programme with 2-year olds with a learning disability, delivered with the Belfast Trust, provides an intensive early years approach that supports young children with their earliest developmental milestones. We supported 52 children with their key milestones of walking, talking and eating and enabled them to participate and engage with the world around them.

We introduced Highscope in Belfast. Highscope is a widely recognised approach for young children, which enables us for the first time to measure children's individual progress against developmental milestones and report on the effectiveness of our programme. Our first Highscope report reflecting children's progress on their outcomes is in progress, but initial results are very positive. The full findings will be available in next year's annual report.

We provided holiday childcare and playschemes for 100 children throughout the year in our centre and bespoke outdoor play garden. This new initiative was provided for children with a learning disability and their siblings, giving many their first opportunity of joint child care.

We ran 4 Saturday Fundays for young children with a learning disability and their families, providing an opportunity for all the family to join fun, focused sessions using a sensory approach. Our Santa Trail in particular was most popular with over 70 families taking part and all enjoying our sensory Santa's grotto.

### Supported families through parenting programmes

There is a real gap in parenting programmes for families of children with a learning disability. Too many families tell us that when they attend parenting courses they feel isolated and that their needs are not addressed. Yet we also know that supporting families with a young child with a learning disability is key to making a difference to their future.

We worked with The Tizard Centre at the University of Kent, and Cerebra – a charity for children with neurological problems – to deliver an early developmental support programme to 90 parents. Early Positive Approaches to Support (EPAtS) is for families of young children with, or suspected to have a learning disability. It aims to build the confidence and resilience of family members by addressing key areas, such as their child's sleeping difficulties and communication skills. We piloted the programme in four areas with the support of Mencap local groups.

Early evaluations show there is a clear need for this type of programme for families and the initial pilot demonstrated that in almost all cases there were immediate and direct benefits. All the families indicated that they were not receiving anything similar in terms of a programme tailored for families. Families had reduced feelings of isolation and developed more strategies to tackle issues. They also felt that it was a safe space to share and there were initial indications of improved bonding with children, as well as improved sleep for both children and parents.

We trained 10 EPAtS facilitators in our Children's Centre in Northern Ireland and aim to deliver 8 EPAtS courses to 100 parents over the next year.

This pilot represents our move toward a controlled trial approach which measures the impact and effectiveness of EPAtS, enabling us to provide the best and most effective support to parents over the coming years.

### Peer-to-peer support: FamilyHub

We know that parents of children with a learning disability love their children like any other parent and face additional challenges, but do not always have the support they need. They often value talking to other parents experiencing similar challenges.

In November 2016, our 70th year – and in honour of our founder Judy Fryd – we launched FamilyHub: a new online community for parents of children with a learning disability who are seeking support from, or contact with others like them. It's a place to share experiences, triumphs and challenges, and offer support to others whose situation is similar. By March 2017, 1,088 people have registered and contributed to 62 threads of conversation.

### Raised awareness of the issues families face

We worked with over 30 other organisations to develop the Disabled Children's Partnership, working together to effectively lobby government to recognize the needs of disabled children and their families, propose change on policy and legislation and ensure adequate services and funding.

We undertook joint research with RELATE – the UK's largest provider of relationship support, to highlight the lack of support for families, the pressures they face and the need for more services.

We also surveyed 1,000 parents and the results highlighted a strong perception of negative attitudes among the public towards them and their children. We will use this research to further develop our interventions and to challenge stigma and discrimination.

“Finally, after years of searching for online forums for siblings or family members, I found FamilyHub. Before this I had never publicly shared our story, or met others who have had a similar experience to me. Through the responses to my post on FamilyHub I have, for the first time ever, felt like there are people out there who get where I am coming from.”

Sibling of person with a learning disability



Do you care for a loved one with a learning disability? You're not alone. Join Mencap's new online community to connect with other families.

[www.mencap.org.uk/familyhub](http://www.mencap.org.uk/familyhub)



“There’s some really good practical advice”

## EPAtS (Early Positive Approaches to Support) – a parent’s story

**Belinda was struggling to cope with her child’s challenging behaviour, and it left her feeling very isolated – but taking part in our programme made the world of difference.**

Belinda’s son, Theo, aged 4, has autism, which means things like loud noises cause him to get upset, scream and sometimes lash out. This had been making it difficult to take Theo out to play groups or places like the supermarket. “I was worried about other children getting hurt,” says Belinda. There were difficulties with his sleeping, toileting and eating to contend with too.

Belinda decided to take part in Mencap’s EPAtS programme, a seven-week course designed for parents of children with additional needs, and immediately found comfort in meeting other parents in her shoes. They bonded really well, working together to solve problems and offer each other practical tips.

The programme helped Belinda deal with her own feelings around Theo’s behaviour, too, and other people’s reactions to it. She learned from Hilary, the group leader, that every action was a communication – every time Theo got upset or lashed out, he was trying to tell her something.

“It was so good to have some common sense strategies of dealing with it. I have two children with autism and it was second time around with Theo, but some of the strategies were definitely new to me and opened my eyes up to how I could deal with things differently.”

“Distraction techniques were one of the things that I took away from the course and we implemented them at nursery. If Theo was having a meltdown, we’d have a bag of sensory toys handy and it would distract and calm him down.”

“The staff were amazing. They make you feel so welcome; they looked after us so well and made it really fun. If you’re prepared to be open, and share, I think you’ll get a lot out of it. There’s some really good practical advice and it’s a good network. You also come out of the course with a lot more information about resources in your area.”

Belinda has now started volunteering with a local group supporting parents of disabled children, and hopes to move into a paid role – something she says is directly due to the support she received from Mencap. Theo’s behaviour has improved a lot over the past few months, and Belinda is confident that he’ll do really well in school.

## What we will be doing next year

### Reducing stigma and discrimination

Next year, we will continue improving our knowledge – and that of others who work in this area – on the impact of stigma and discrimination on people with a learning disability. This will include a research project to better understand the impact of stigma and discrimination.

We will support even more people with a learning disability to be more visible in the media in a positive way. This will include supporting an additional five people with a learning disability to be spokespeople for Mencap in the media.

We will increase contact to a further 140 children with and without a learning disability by delivering the All In award across 7 more schools. We will test the sustainability of these new inclusive peer groups by working with youth services including the Scouts, Woodcraft Folk and National Citizenship Service.

### Making a difference, here and now

#### Social care

- We will develop and implement impact monitoring for personal support.
- We will deliver positive behavioural support (PBS) to 400 staff and assess its impact on people with a learning disability with complex needs.
- We will continue to support thousands of people with a learning disability in the community to have the best quality of life possible.

#### Housing

- We will work to ensure more people with a learning disability have decent, comfortable homes suitable for their needs and preferences, including 90 new tenancies for people we support.

### Supporting friendships and relationships

We will be facilitating and supporting 1,500 people with a learning disability to overcome barriers so that they can develop friendships and relationships through our existing projects. We will launch 3 Gig Buddy pilots in sites across England to support 50 people with a learning disability to access night-time leisure opportunities such as concerts.

We will deliver a large scale sex and relationships pilot in Southend to reach 50 people and we will support our network of local groups to sustain their activity in this area.

### Improving health

Next year, building on the learning from our health training pilot, we will seek to influence the training and development work of key bodies across the health sector, working with nursing and doctors' regulators and training bodies. We will use findings and resources from our training pilot to encourage these bodies to play their role in ensuring health professionals are supported to gain the skills and knowledge they need to treat people with a learning disability.

We will also begin a three-year campaign which aims to ensure reasonable adjustments are provided to people with a learning disability in hospitals. Next year, we will launch the campaign nationally and target 20 local hospital trust areas. This will also include working to improve the knowledge and awareness of people with a learning disability, family members, carers and supporters about reasonable adjustments.

We will be working with the All Wales Forum of Parents and Carers, Cartrefi Cymru – a service provider – to provide training to over 1,000 parents, carers and paid staff to ensure we cover all health boards in Wales.

Lastly, we will work with NHS England and our local groups to promote our Don't Miss Out

initiative, getting 500 more people registered as having a learning disability with their GP and accessing annual health checks – ensuring they don't miss out on better healthcare.

### Early intervention

Next year, we will continue to improve our understanding of what works in achieving the best outcomes for children with a learning disability. As such, we will move our programmes from early years to an early intervention approach. This slight shift means we will focus on working with system partners to ensure that timely and appropriate interventions can happen for people with learning disabilities and their families, to enable positive development towards the best possible outcomes.

As part of this work we will:

- report on the impact of our Highscope programme with young children and develop our work as a result
- increase the number of children we support from our Mencap Children's Centre to 200 through providing a range of holiday and out of school care
- roll out EPAtS in partnership with Kent University across England and Northern Ireland, provide parent support training to over 150 families and evaluate its effectiveness for families
- in partnership with Warwick University and Ambitious about Autism we will, through research, develop our understanding of the barriers that prevent families of a child with a learning disability accessing mainstream services and use this to help us achieve real change in the kind of services and support families experience
- further develop and trial our package of family support to families with young children aged 0-5 years old.

## Employment NEW

**By 2020 we want more people with a learning disability to have real jobs in the open labour market, and for more employers to know that people with a learning disability make good workers when supported properly.**

Did you know that 1 in 50 people in the UK have a learning disability? Shockingly, just 6% of those known to local authorities of working age are in paid employment.

We know that with the right support, people with a learning disability can achieve long-term paid employment with progression opportunities, become more independent and live fulfilling, happy lives.

In early 2017, we decided employment will be a new, separate priority for Mencap. Over the next year we will work toward fully clarifying our ambition for this area of our work.

Right now, we know that we want to see more:

- employers positive about employing people with learning disabilities
- people with a learning disability in paid work
- adjustments during recruitment and in the workplace.

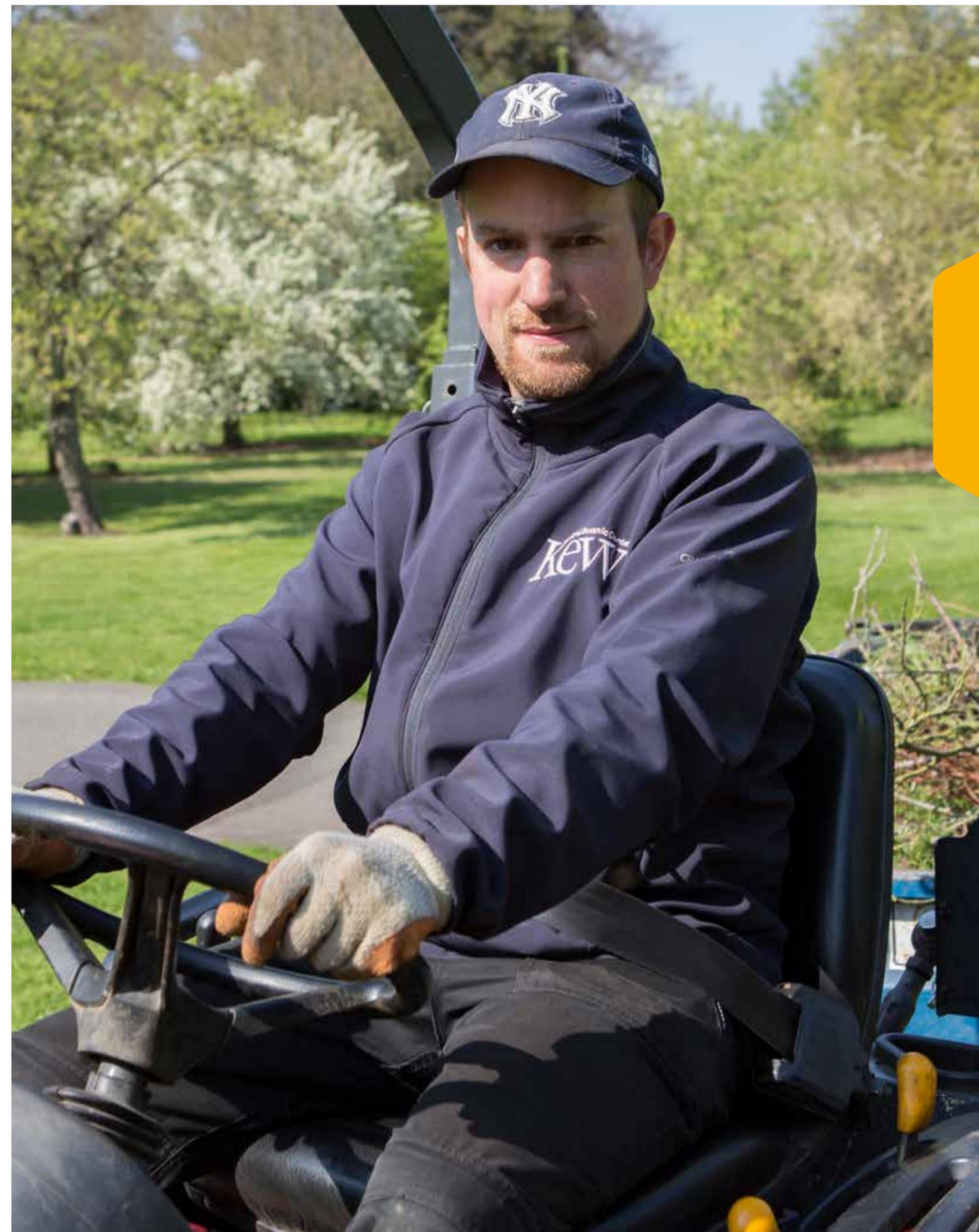
As part of this work, we will continue to challenge the misconceptions about learning disability. We've undertaken work to gather compelling statistics from a range of studies which highlight the benefits of employing people with a learning disability<sup>6</sup>, including:

- 97% of employers said they were likely to hire this group (people with a learning disability) again.
- People with a learning disability stayed in their job 3.5 times longer than their non-disabled co-workers.
- 87% of people specifically agreed that they would prefer to give their business to companies that hire people with disabilities.

We will also continue making a difference through our employment service, Employ Me, which helps in the following ways:

- Pre-employment support – appropriate training to develop the skills needed to get a paid job.
- Work trials and placements – experience in a real work environment.
- Support to find paid work – help with searching for a paid job through a range of employers, CV writing and interview preparation.
- Job coaching and in-work support – help to learn new skills and cope with change.
- Employer support – we also work with businesses employing people with a learning disability, so they can provide the right support and benefit from having a diverse workforce.
- Supported internships and apprenticeships – helping people find the right level of support to move into work

<sup>6</sup> Beyer, S. and Beyer, A. (2017) A Systematic Review of the Literature on the Benefits for Employers of Employing People with Learning Disabilities



## How we will achieve our goals

There are lots of things happening inside Mencap to make sure we are in the best shape we can be to deliver Our Big Plan. That means creating an organisation that lives our values to ensure we succeed. Here we tell you about our enabling plan activity for the year ahead.

### Growing a stronger network

Today, Mencap is a national organisation operating across England, Wales and Northern Ireland, leading and influencing change for the 1.4 million people with a learning disability in the UK.

In addition to Mencap itself, there are over 400 organisations who are working with us as part of the Mencap network. 170 of these groups share our name as local Mencap groups. All share the Mencap ancestry as well as our vision and values, whilst operating as independent charities with their own governance and strategy.

We are a diverse group, from large-scale service providers, to small social groups who organise sport activities over the weekends.

To deliver our five key priorities, a strong network is essential. That's why we set up a dedicated network office in November 2015 to improve communication and administration of the network. This enables us to share resources and ideas and collaborate more. We also created a new online portal which allows collaboration and information sharing. This launched last year and as of March 2017 we have 357 active users.

Face-to-face contact and networking is also important. This year we ran Big Day Out in Silverstone, our annual conference for the 400+ organisations that affiliate to Mencap. The aim of the event was to encourage collaboration and networking, build capacity and share best practice. It was a huge success, and feedback received was 96% positive.

### Improving collaboration

We have been working with three regional steering groups across England and Wales to test and embed new collaborative ways of working.

We are currently delivering local projects in collaboration with more than 100 of our networked groups. These include friendships and relationships projects such as the Gateway Award, Round The World Challenge and sex and relationship pilots.

We are also running health projects; working with 4 groups to raise awareness of the importance of getting registered with your GP.

Although it is early days, we have started to see the impact of working together more closely in the first pilot site in Greater Manchester. We came together to challenge cuts in Rochdale and the collaborative group enabled us to react quickly.

### Income generation and fundraising activities

The more money we raise, the more people with a learning disability benefit and are supported to live a fulfilling life.

A big focus for us this year has been development of our retail and trading arm. We launched our first Mencap shops, ending the year with 10 shops open. There will be a mix of donation stations, standard stores and discount stores – making the most of the stock that is kindly donated to us.

Our partnership with Land Securities raised over £360,000 through a number of fundraising activities, and provided over 1,000 people with a learning disability with the opportunity to get employment experience through internships, work experience and volunteering.

### Improving the way we work

Listening to what our employees are telling us about how it feels to work at Mencap is a crucial part of influencing our plans. We are focusing on the things that people have said are areas we can improve, through organisational conversations and an IIP (Investors in People) assessment that we had last year. The assessment gave some positive feedback about the passion of our employees and how well our values are embedded, along with some areas that if we can improve we know will make our employee experience of working at Mencap even better. We are using the IIP framework as a way of helping guide and prioritise the activity that we believe will have the biggest impact.

These are the three main areas we will focus on:

#### Information management

Our employees told us they wanted more joined up systems that speak to each other, IT that just works and less time spent on paperwork (meaning more time with people we support). We will start a project called Better. Faster. Digital. This will include moving to, and supporting, more digital ways of working. It will help us to have IT that just works, first time – and top-notch support when it does not. It will also help us ensure that we have information captured once and used to make better informed decisions.

#### Leadership

Our employees told us that leaders aren't always visible and the way managers work is not always consistent. We have developed a leadership framework and development programme that will help us make sure all of our managers are great leaders. We will roll this out and embed it further.

#### Employer brand and reward

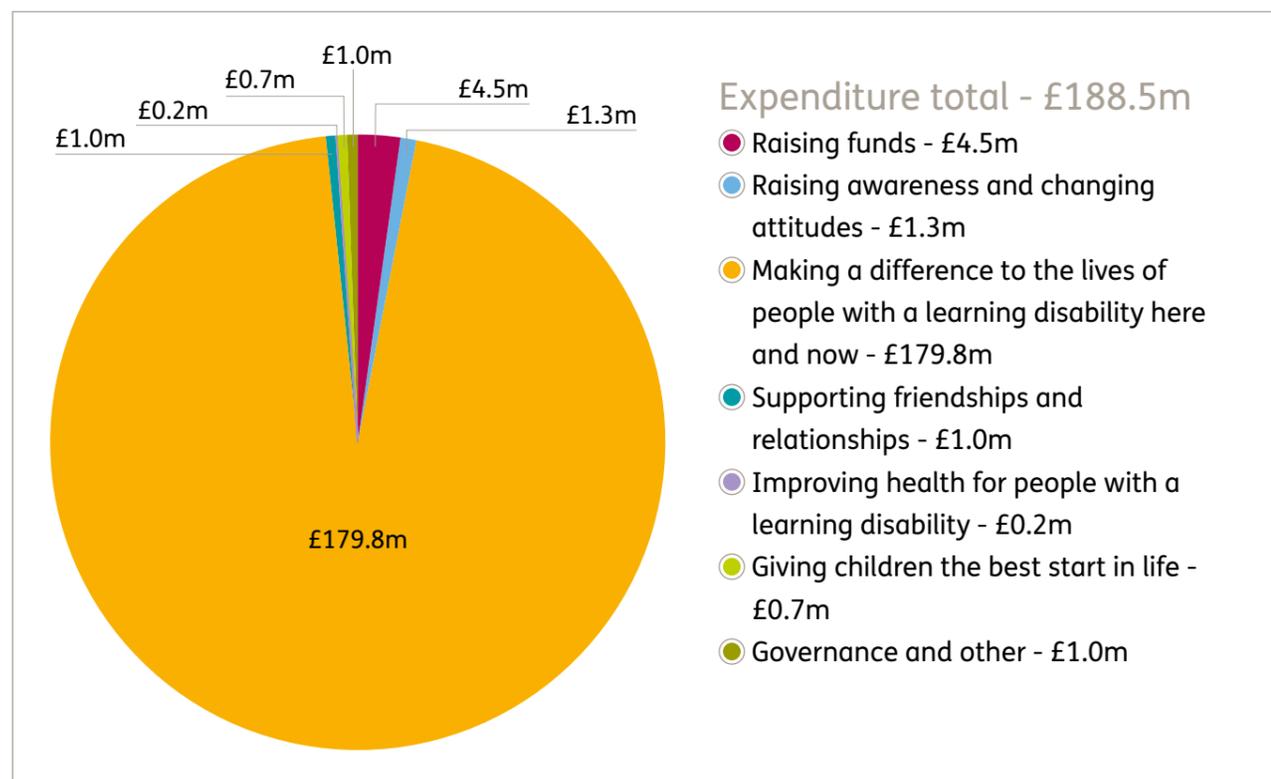
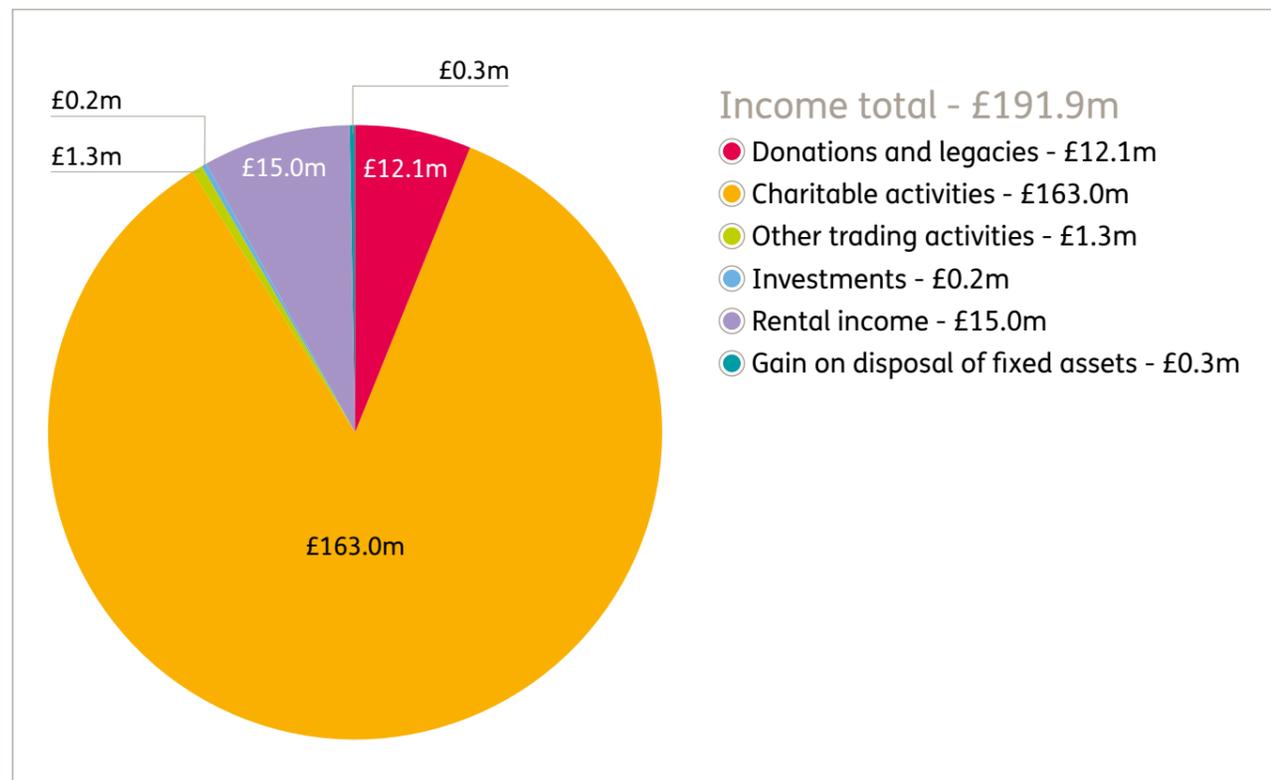
Our employees told us that it's hard for some teams who have to deal with very high staff turnover (people leaving Mencap). Some of this is driven by pay and reward. We know we are challenged within the social care sector and our activity here is about trying out new recruitment solutions to attract people who share our values and are more likely to stay. This year we will develop our approach to pay and benefits.

We would like to say a big thank you to everyone who supported us this year. We deeply appreciate the gifts left to us in wills, donations, money raised by our fundraisers, and all round support from anyone who has an interest in Mencap – it all makes a real difference.

## Our supporters

- Almac
- Amey
- Jessica-Jane Applegate
- Pat Ascroft
- Astor Bannerman Ltd
- Aveso
- Tom Bachofner
- BBC Children in Need - Play Our Way
- BBC Children in Need - Reach Me
- Belfast City Council
- Belfast Live
- BGC Partners
- Big Lottery Fund England
- Big Lottery Fund Northern Ireland
- Brian Wilson Charitable Trust
- Brightwater Recruitment
- Richard Bussell at Sills & Betteridge Solicitors
- The Cabinet Office
- Carnegie UK Trust
- Tom Chiffers at Mogens Drewett Solicitors
- Mr and Mrs Chillag
- Coca-Cola
- Colchester Catalyst Charity
- Michelle Collins at Cozens Hardy LLP
- Complete IT
- Consarc
- Sean Coyle
- Alison Craggs at Blake Morgan
- Deep RiverRock Belfast City Marathon
- Fiona Dillon at Gunnercooke LLP
- Downtown/Cool FM's Cash for Kids
- Drake & Morgan
- The Edge
- Ann Farnill at Tallents Solicitors
- Fielding Financial Group
- Fixnetix
- Fontsmith
- Helen Freely at Druces LLP
- Karen Freeman at Clarke Willmott
- Friends & Family of Mencap Centre
- David Fulton
- George Best Belfast City Airport
- Ty Glaser
- Jane Gordy
- Sarah Gordy
- Graham Asset Management
- Grand Opera House
- Gwyneth Forrester Trust
- The Harpur Trust
- Heritage Lottery Fund (Wales)
- The Hillingdon Community Trust
- Mrs Eleanor Holloway
- Horizon Parking Ltd
- Hymans Robertson LLP
- John James Bristol Foundation
- Johnsons Solicitors
- The Kathleen Laurence Charitable Trust
- Deborah Kaye at LCF Law
- David King at Slater Gordon Lawyers
- Land Securities Group plc
- Amy Lane at Brachers LLP
- Damian Lines at Rubin/Lewis/O'Brian Solicitors
- Linwoods
- 2017 London Marathon Team
- Mr and Mrs Philip Loney
- The Lord Mayor's Appeal
- Alistair Macfarlane at Dutton Gregory
- Jill MacMahon at Thackray Williams Solicitors
- Dame Norma Major
- 2017 Marathon des Sables Team
- MBNA Europe Bank Limited
- The McClay Foundation
- McKinty & Wright Solicitors
- Mencap Special Events Committee
- Katherine Miller at Renaissance Legal LLP
- Anne Minihane at Clarke Willmott
- Nationwide Building Society
- John Neill at Watson & Neill Solicitors
- The Norfolk Community Foundation
- Liam O'Keefe
- The Oliver Ford Trust
- Opemed Ltd
- George & Liz Parker MBE
- The Pears Foundation
- Sir Trevor Pears
- Steve Peck at Pengillys Solicitors Mediators
- Jane Raca
- The Rene Horton and Joan Parkin Charitable Trust
- Rix-Thompson-Rothenberg Foundation
- Rory Foundation
- Paul Rothwell at Brachers LLP
- Kelly Shirley
- The Sovereign Health Care Charitable Trust
- Neev Spencer
- Kate Spicer
- Sport England
- St Anne's Cathedral Belfast - Black Santa Appeal
- Survey Monkey
- Sweet Causes Ltd
- Helen Taylor at Franklins Solicitors LLP
- Sofia Tayton at Ladders Solicitors
- Theodore Roussel Memorial Trust
- U105
- USDAW
- Vanquis Bank
- Penny Vincenzi
- VolkerWessels UK
- Janette Wand at Ashtons Legal
- Philip Warford at Renaissance Legal LLP
- The Westfield Health Charitable Trust
- Jo Whiley
- White Oats
- Jodie Whittaker
- Rosie Wright at Franklins Solicitors LLP
- Sir Alan Yarrow
- Lady Gilly Yarrow
- Young Professionals Committee
- The Zochonis Charitable Trust

## Strategic report



## Financial review

The largest part of our income (£163m) is made up of receipts for the provision of direct service delivery, and includes income from central and local government contracts. This directly supports 5,421 (5,286 in 2015-16) people through services that can range from support with living independently in the community or finding work, through to providing 24-hour care. 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 Royal Mencap Society 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 2016-17 was able to house 194 additional people, with a further 25 preparing to move in. Of the 194, 104 are supported by Royal Mencap Society.

We raised £12.1m from fundraising activities, which is less than last year (£14.3m in 2015-16). This is primarily due to existing agreements in strategic funding and corporate partnerships coming to an end during the year, as well as one-off funds from the Lord Mayor's appeal received in 2015-16. Legacies continue to be a major source of income (£7.5m 2016-17; £7.9m 2015-16) and we are very grateful that people continue to remember us in their wills. Although lower than in 2016, philanthropy exceeded expectations and this will be built on going forwards. During the year, GLH had revenue of £15.1m from rental income, grants and consultancy.

The net movement in the funds of the Mencap group in 2016-17 was an increase of £2.9m. Group operating surplus was £4.2m, reduced by an increase in the accounting estimate of our defined benefit pension scheme liability. During the year the charity made additional payments of £1.9m to the scheme, which partially

offset the increased liability resulting from the accounting estimate of the scheme deficit. The pension liability has therefore increased by only £0.1m (0.6%) despite economic conditions worsening for defined benefit pension liabilities in general.

In total, we have £19.5m in cash, of which £11.2m belongs to the charity. GLH is due to repay its 5 year bond issue in 2018 and so is setting aside cash in preparation for this. Mencap has been investing in the opening of new charity shops, which started in September 2016, and have a further 25 shops planned for 2017-18. We believe that our strong cash position allows us to invest for the future and continue to operate effectively, and contributes towards ensuring we meet our reserves policy requirements. At 31 March 2017 we held reserves of £68.5m, of which £24m relate to the charity, with the majority of the remainder held by GLH.

## Recognising the individual charities

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

Our risk management processes help identify where we might need reserves, and our financial management policies then determine how our resources are managed and how investment decisions are made.

Our policies and controls also recognise that the Mencap 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 for 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. 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 its long-term objectives and obligations and what the risks are that might threaten the desired outcomes.

### Reserves policy for Royal Mencap Society

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

They allow the charity to sustain service delivery over the long-term, ensuring that financial commitments can be met as they fall due. At 31st March 2017 the charity's reserves were £24m.

£7.6m (2015-16: £8.4m) are restricted funds and not available for the general purposes of the charity at the end of March 2017.

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 the charity's risk management framework, weighted for likelihood and impact.

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

Free reserves	31 March 2017 £m	31 March 2016 £m
Unrestricted reserves	16.4	15.5
Add back pension provision	20.7	20.5
Less unrestricted net fixed assets	(15.6)	(16.4)
Free reserves	21.5	19.6

Free reserves of £21.5 million compare to target reserves of £13.1 million. The charity plans to reduce its free reserves in a managed fashion through a combination of investment in strategic priorities (£2.6m in 2017-18) and progressing with the plans to open a chain of retail stores, which require investment in the initial years. In addition to investing in the future, the charity is awaiting legal clarification of the ongoing issue around applying national minimum wage regulations to historic sleep-in payments. As a result, the trustees are delaying commitment to utilise the remaining free reserves until any potential liabilities are clarified. This is addressed in the going concern note on page 59.

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 its accounts. Royal Mencap Society 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.**

**Royal Mencap Society 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.

During the year the charity held 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 2017, the total return on the portfolio was by 14.25% compared to 17.52% for the benchmark 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 the charity'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 2017 the total return on the portfolio was 3.09% against a benchmark of 4.88%.

Subsequent to the year end, Royal Mencap Society carried out a tender process and has engaged Schroder and Co Ltd, trading as Cazenove Capital Management, to manage the Mencap and MVS portfolios.

Details on Golden Lane Housing's investment policy can be found within its 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 reviews key risks in specific areas and significant changes in risks. All board papers include a risk assessment in their executive summaries to draw out the key risks and mitigations. A comprehensive review of the charity's risk register has been carried out to provide an organisational overview.

The board of trustees reviews and oversees strategic risks with the support of the audit and risk committee and the quality and compliance committee. The committees are satisfied with the processes for identifying, managing and reporting risk at an operational level and PwC provides independent assurance as our internal audit function.

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

We have been developing our thinking on risk and have identified six principal 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 its accounts.

Principal risks	What the risks mean to Royal Mencap Society	How we manage the risks
<b>Maintaining quality of services</b>	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.
<b>Maintaining financial sustainability</b>	<p>a) 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.</p> <p>b) The risk is that we are not compliant with legislation and face recompense and penalty payment.</p> <p>There is a particular risk with regards to the ongoing legal clarification around whether NLW should be applied retrospectively to historic sleep-ins.</p>	<p>a) 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.</p> <p>b) We have a robust relationship with commissioners to ensure contracts are negotiated to provide for sleep-ins at NLW.</p> <p>We have instructed lawyers to appeal against a current employment tribunal judgement which was not in our favour.</p> <p>We continue to lobby alongside other organisations for clarity and on behalf of the sector.</p>
<b>Governance and strategy</b>	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.
<b>People capability and capacity</b>	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.
<b>Systems and infrastructure</b>	The risk is that we do not have IT systems that meet our needs.	We have a programme of work to upgrade our systems.
<b>External influence and perception</b>	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 more than sufficient level of reserves, a good relationship with our key funders and proven ability to retain and secure new services.

As at the date of signing this annual report, Mencap, with others, is seeking clarification from the Court of Appeal concerning the application of national minimum/living wage (NMW/NLW) regulations to non-contractual sleep-in hours for our support workers. While Mencap has ensured that payments going forwards meet the latest case law interpretation of NMW/NLW requirements, the legal proceedings concern a potential liability for historic payments. This could involve almost 3,500 members of staff over a 6 year period; however none of the variables within the liability calculation can be estimated with sufficient reliability to meet the regulatory criteria for making a provision. In addition, current legal advice is that there is a realistic probability that the Appeal will be successful.

In accordance with FRS102, therefore, a contingent liability has been stated in the notes to the financial statements. Based on the available governmental guidance with regard to both the value and inclusion of elements within the liability calculation and reasonable assumptions concerning how claims for back pay may be determined, Mencap has made a best estimate of the maximum liability faced for sleep-in back pay at up to £20m. As stated in the note from the chair of trustees and CEO on page 9, Mencap expects central or local government to fund the liability as we consider this to be government responsibility, though there is insufficient certainty to permit a contingent asset to be recorded.

Taking into consideration that Mencap holds reserves which are in excess of optimal operating requirements, we therefore have a reasonable expectation that we have sufficient resources to continue in operational existence for the foreseeable future. Further that we believe that there are no known, 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".

Royal Mencap Society'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
- Elaine Hindal
- Katie Hollier
- Stephen Jack OBE
- Andrew Nebel (resigned 14 July 2017)
- John Phillips MBE
- Linda Redford
- George Venus
- Graham Williams
- Andrew Wilson
- David Wolverson (appointed 13 July 2016)

### President

- The Lord Rix Kt CBE DL (passed away 20 August 2016)

### 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 strategy and influence.

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: Simons Muirhead & Burton LLP, 8-9 Frith Street, London W1D 3JB.

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, dependants 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 group headed by Royal Mencap Society are disclosed in note 16 of these accounts. A brief description of each subsidiary is as follows:

### Golden Lane Housing Ltd (GLH)

Golden Lane Housing is an independent charity with its own independent board of trustees, and a registered provider, regulated by the Homes and Communities Agency. 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.

For more information on GLH and what it does, call 0845 604 0046 or go to [www.glh.org.uk](http://www.glh.org.uk)

### Mencap Trust Company Limited (MTC)

Mencap Trust Company 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](http://www.mencap.org.uk/mencaptrustcompany)

### Mencap Limited

Mencap Limited is a trading subsidiary which sells merchandise via a catalogue and operates those elements of Mencap's retail activities which do not involve direct donations to the charity.

### 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

Mencap 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.

Ultimate responsibility for governance of the charity and its subsidiaries is entrusted to the trustee board, which consists of up to 12 trustees and the chair.

As stipulated in the articles of association, at least half of Royal Mencap Society's trustees have personal, voluntary or professional experience of learning disability. At least two of our trustees have a learning disability. Trustees are appointed for a four-year term of office and can serve two terms in total. The trustees are also Royal Mencap Society's 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, the charity 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 non-trustee members who are appointed for their particular skills and knowledge.

The committees include:

- Audit and risk – which considers the control and risk management systems, assures trustees on the effectiveness of those systems, 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 the purposes of planning, performance monitoring and major decisions.
- Nominations – which provides oversight of the composition and balance of the board of trustees and its committees. It also oversees recruitment as well as assessing and recommending new trustee and committee appointments.
- 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 meetings are made available to all trustees on a timely basis. The committees meet three to four times a year.

## Senior remuneration

As a charitable group, Mencap believes it is important to be transparent about the pay levels of senior colleagues and how their remuneration is set.

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.
- 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 a 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, including basic pay, pension and benefits, was as follows:

Role	Remuneration to 31 March 2017	Remuneration to 31 March 2016
Chief executive	£167,404	£164,360
Chief financial officer	£142,060	£142,030
Director of marketing and engagement <sup>7</sup>	£135,761	£32,956
Director of direct services <sup>8</sup>	£134,599	£122,527
People director	£98,242	£100,250
Director of strategy and influence	£99,651	£97,629
Director of quality	£97,069	£97,063

Members of the board of trustees are not remunerated for their roles with Mencap.

## Volunteers

During the year, Mencap benefitted from the time of 1,240 volunteers. Volunteers are involved across a range of activities:

- 595 participating in fundraising

- 215 assisting across our direct services
- 430 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 are asked for their views on what we should be doing for people with a learning disability, as well as how we can make the organisation a great place to work.

In the last year, Mencap employees 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, Mencap has long-established fair employment practices for the recruitment, retention and training of staff with disabilities.

As of 31 March 2017, there were 118 people with a declared disability on Mencap’s payroll, including 102 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.

<sup>7</sup> Joined 4 January 2016

<sup>8</sup> Joined 2 May 2016 (replacing previous post-holder)



## 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

Inssofar 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 22 November 2017, 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 the Royal Mencap Society

We have audited the financial statements of the Royal Mencap Society for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities (incorporating Group Summary Income and Expenditure Account) the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

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 and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or

materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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 2017 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 United Kingdom Generally Accepted Accounting Practice; 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 matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- 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; and
- the Trustees' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustees' annual report.

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
- 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

25/11/17

## Financial statements

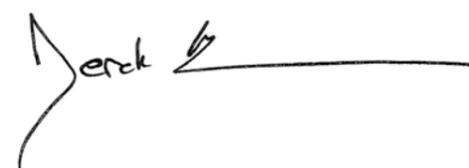
### Consolidated statement of financial activities for the year ended 31 March 2017 (incorporating the income and expenditure account)

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2017 £'000	Unrestricted funds £'000	Restricted funds £'000	Total funds 2016 £'000
<b>Income from:</b>							
Donations and legacies	2	10,666	1,388	<b>12,054</b>	11,474	2,823	<b>14,297</b>
Charitable activities	3	159,362	3,702	<b>163,064</b>	158,967	3,570	<b>162,537</b>
Other trading activities	4	1,320	-	<b>1,320</b>	992	-	<b>992</b>
Investments	5	66	132	<b>198</b>	82	114	<b>196</b>
Rental income		14,994		<b>14,994</b>	13,306	-	<b>13,306</b>
Gain of disposal of fixed assets		311	-	<b>311</b>	-	-	<b>-</b>
<b>Total</b>		<b>186,719</b>	<b>5,222</b>	<b>191,941</b>	<b>184,821</b>	<b>6,507</b>	<b>191,328</b>
<b>Expenditure on:</b>							
Raising funds	7	4,403	102	<b>4,505</b>	3,509	469	<b>3,978</b>
Charitable activities	7	178,147	5,875	<b>184,022</b>	174,756	5,137	<b>179,893</b>
Losses on disposal of fixed assets		-	-	<b>-</b>	28	-	<b>28</b>
<b>Total</b>		<b>182,550</b>	<b>5,977</b>	<b>188,527</b>	<b>178,293</b>	<b>5,606</b>	<b>183,899</b>
Net gains/(losses) on investments	14	156	638	<b>794</b>	15	(424)	<b>(409)</b>
<b>Net income/(expenditure)</b>		<b>4,325</b>	<b>(117)</b>	<b>4,208</b>	<b>6,543</b>	<b>477</b>	<b>7,020</b>
Transfers between funds		243	(243)	<b>-</b>	(13)	13	<b>-</b>
<b>Other recognised gains/(losses):</b>							
Actuarial gains/(losses) on defined benefit pension schemes	24	(1,328)	-	<b>(1,328)</b>	3,531	-	<b>3,531</b>
<b>Net movement in funds</b>		<b>3,240</b>	<b>(360)</b>	<b>2,880</b>	<b>10,061</b>	<b>490</b>	<b>10,551</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		38,827	26,750	<b>65,577</b>	28,766	26,260	<b>55,026</b>
Total funds carried forward		42,067	26,390	<b>68,457</b>	38,827	26,750	<b>65,577</b>

### Consolidated balance sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Intangible assets	13	<b>756</b>	1,463
Tangible assets	12	<b>105,041</b>	104,624
Investments	14	<b>12,141</b>	11,357
<b>Total fixed assets</b>		<b>117,938</b>	117,444
<b>Current assets</b>			
Debtors	17	<b>24,555</b>	22,637
Stock		<b>56</b>	39
Cash at bank and in hand		<b>19,544</b>	16,189
<b>Total current assets</b>		<b>44,155</b>	38,865
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	18	<b>(19,652)</b>	(17,089)
<b>Net current assets or liabilities</b>		<b>24,503</b>	21,776
<b>Total assets less current liabilities</b>		<b>142,441</b>	139,220
Creditors: Amounts falling due after more than one year	19	<b>(45,613)</b>	(46,539)
Provisions for liabilities	21	<b>(7,706)</b>	(6,568)
<b>Net assets or liabilities excluding pension asset or liability</b>		<b>89,122</b>	86,113
Defined benefit pension scheme liability	24	<b>(20,665)</b>	(20,536)
<b>Total net assets or liabilities</b>		<b>68,457</b>	65,577
<b>The funds of the group:</b>			
Restricted income funds	23	<b>26,390</b>	26,750
Unrestricted funds		<b>56,324</b>	52,857
Designated funds		<b>6,408</b>	6,506
Pension reserve		<b>(20,665)</b>	(20,536)
<b>Total unrestricted funds</b>	23	<b>42,067</b>	38,827
<b>Total group funds</b>		<b>68,457</b>	65,577

These financial statements were approved by the trustees on 22 November 2017 and signed on their behalf by:



Derek Lewis, chair



Graham Williams, trustee

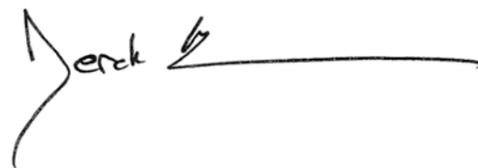
The notes on pages 72 to 106 form part of these financial statements.

## Charity balance sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Intangible assets	13	757	1,422
Tangible assets	12	18,685	19,250
Investments	14	12,141	11,357
<b>Total fixed assets</b>		<b>31,583</b>	32,029
<b>Current assets</b>			
Debtors	17	27,518	25,980
Cash at bank and in hand		11,190	8,584
<b>Total current assets</b>		<b>38,708</b>	34,564
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	18	(16,785)	(14,542)
<b>Net current assets or liabilities</b>		<b>21,923</b>	20,022
<b>Total assets less current liabilities</b>			
		<b>53,506</b>	52,051
Creditors: Amounts falling due after more than one year	19	(1,107)	(1,047)
Provisions for liabilities	21	(7,707)	(6,565)
<b>Net assets or liabilities excluding pension asset or liability</b>		<b>44,692</b>	44,439
Defined benefit pension scheme liability	24	(20,665)	(20,536)
<b>Total net assets or liabilities</b>		<b>24,027</b>	23,903
<b>The funds of the charity:</b>			
Restricted income funds		7,644	8,394
Unrestricted funds		37,048	36,045
Pension reserve		(20,665)	(20,536)
<b>Total unrestricted funds</b>		<b>16,383</b>	15,509
<b>Total charity funds</b>		<b>24,027</b>	23,903

The charity has taken exemption from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006. The net income of the charity in 2017 was £1.452m (2016: £5.427m).

These financial statements were approved by the trustees on 22 November 2017 and signed on their behalf by:



Derek Lewis, chair



Graham Williams, trustee

The notes on pages 72 to 106 form part of these financial statements.

## Consolidated statement of cash flows for the year ended 31 March 2017

	2017 £'000	2016 £'000
<b>Cash flows from operating activities:</b>		
Net cash provided by operating activities (see below)	5,979	909
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	198	196
Proceeds from the sale of property, plant and equipment	1,677	1,160
Purchase of property, plant and equipment	(3,563)	(8,955)
Proceeds from sale of investments	8,414	1,890
Purchase of investments	(8,402)	(1,607)
Shared investment contribution	-	21
<b>Net cash provided by / (used) in investing activities</b>	<b>(1,676)</b>	(7,295)
<b>Cash flows from financing activities:</b>		
Repayments of borrowing	(948)	(2,425)
Cash inflows from new borrowing	-	6,600
<b>Net cash provided by / (used in) financing activities</b>	<b>(948)</b>	4,175
<b>Change in cash and cash equivalents in the reporting period</b>	<b>3,355</b>	(2,211)
Cash and cash equivalents at the beginning of the reporting period	16,189	18,400
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19,544</b>	16,189

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

	2017 £'000	2016 £'000
Net income for the reporting period (as per the statement of financial activities)	4,208	7,020
Adjustments for:		
Depreciation and amortisation charges	2,486	2,013
Loss/(gain) on investments	(794)	409
Dividends, interest and rents from investments	(198)	(196)
Defined benefit pension expense	796	963
Loss/(profit) on the sale of fixed assets	(311)	28
Increase in stocks	(17)	(11)
Increase in debtors	(1,918)	(1,998)
Increase/(decrease) in creditors (excluding loans)	2,585	(2,239)
Increase/(decrease) in provisions	1,138	(837)
Defined benefit pension deficit reduction	(1,996)	(4,243)
<b>Net cash provided by operating activities</b>	<b>5,979</b>	909

## Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash in hand	9	163
Notice deposits (less than 3 months)	19,542	16,058
Overdraft facilities repayable on demand	(7)	(32)
Total cash and cash equivalents	19,544	16,189

### 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 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 adequate 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 their fair value, where Mencap is entitled to the donation, it is probable that it will be received, and the fair value can be measured reliably.

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 management costs and trading costs of subsidiaries); charitable activities (raising awareness and changing attitudes, making a difference in 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, 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 based on a judgement of the percentage the specific activity represents in relation to the total non-support expenditure. The basis of allocation has been updated in the period and comparative information in note 7 has been restated, although there is no overall net effect on the result for the prior year

Support costs include management, finance, human resources, information technology and some elements of fundraising.

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 and 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 schemes*

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 one of the schemes. However, as the liability is not material, disclosure has been limited so as not to distort or overstate the importance of this scheme.

#### *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 2017. 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 cost. Residential property is held at cost, less contributions from individuals and their families where applicable. 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.

#### **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 and intangible 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
- **Rooves:** 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

### 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.

Donated stock is carried at nil value as it is considered impractical to obtain a reliable valuation. The value of goods is instead recognised at their retail price when sold.

#### 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 or discounted to net present value where appropriate.

#### 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	Unrestricted funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000
<b>(a) Donations</b>	19	3,146	<b>3,165</b>	4,395
<b>Total donations income</b>	19	3,146	<b>3,165</b>	4,395
<b>(b) Legacies</b>	496	6,958	<b>7,454</b>	7,856
<b>Total legacies income</b>	496	6,958	<b>7,454</b>	7,856
<b>(c) Trust funds</b>				
Awards for All	-	-	-	9
Bailey Thomas Charitable Trust	-	-	-	15
BBC Children in Need	15	-	<b>15</b>	15
BBC Children in Need - Play our way	35	-	<b>35</b>	34
Beatrice Laing trust	-	-	-	40
Brian Wilson CT	5	-	<b>5</b>	-
Carnegie UK trust	5	-	<b>5</b>	5
Colchester Catalyst Charity	8	-	<b>8</b>	-
David & Claudia Harding	-	-	-	10
Edith Murphy Foundation	-	-	-	5
Eleanor Harvey CT	-	-	-	6
Gallagher	35	-	<b>35</b>	-
Gwyneth Forrester Trust	40	-	<b>40</b>	-
Hillingdon Community Trust	30	-	<b>30</b>	-
John James Bristol Foundation	8	-	<b>8</b>	-
JP McManus Charitable Trust	-	-	-	7
Middlesbrough Council	-	-	-	17
Oliver Ford Will CT	5	-	<b>5</b>	10
Pears Foundation	120	-	<b>120</b>	50
Peoples Postcode Lottery	-	-	-	20
Sharegift	-	-	-	5
Sovereign Health CT	5	-	<b>5</b>	-
Talbot Village Trust	-	-	-	10
TBF & KL Thompson Trust	-	-	-	13
The Batchworth Trust	-	-	-	10
The Foyle Foundation	-	-	-	40
The Harpur Trust	4	-	<b>4</b>	30
The Kathleen Laurence Trust	50	-	<b>50</b>	-
The McClay Foundation	50	-	<b>50</b>	-
The Pilkington Charities	-	-	-	5
The Rene Horton & Joan Parkin CT	-	62	<b>62</b>	-
The RH Scholes Trust	-	-	-	5
The Rix-Thompson-Rothenberg Foundation	5	-	<b>5</b>	-
The Rory Foundation	-	-	-	125
The Theodore Roussel Memorial Trust	5	-	<b>5</b>	-
The Will Charitable Trust	-	-	-	7

	Restricted funds	Unrestricted funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000
Ulster Garden Village	-	-	-	200
Wooden Spoon	-	-	-	67
Zochonis Charitable Trust	-	-	-	35
<b>Sub-total</b>	425	62	<b>487</b>	795
Other	40	47	<b>87</b>	109
<b>Total trust income</b>	465	109	<b>574</b>	904
<b>(d) Community Fund/Big Lottery Fund</b>				
Big Lottery - NIRE	111	-	<b>111</b>	-
Big Lottery Fund - Safe and well	-	-	-	101
Big Lottery Link Me	-	-	-	136
Cabinet Office	50	-	<b>50</b>	-
Dept of Health	-	-	-	39
Heritage Lottery Fund Wales	89	-	<b>89</b>	76
NHS Commissioning Board	-	-	-	48
Other	15	82	<b>97</b>	87
<b>Total Community Fund/Big Lottery Fund</b>	265	82	<b>347</b>	487
<b>(e) Organisations raising funds</b>				
Acumension Ltd	-	-	-	6
Aveso	30	-	<b>30</b>	30
BGC Brokers LLP	-	30	<b>30</b>	-
Cash for Kids	13	-	<b>13</b>	63
Charity Sweets	-	74	<b>74</b>	56
Citigroup Belfast	-	-	-	23
Computer Sciences Corporation	-	8	<b>8</b>	-
Drake & Morgan	-	12	<b>12</b>	-
Finetix	-	8	<b>8</b>	15
Fontsmith	-	-	-	9
Franklins Solicitors	-	21	<b>21</b>	-
Grand Opera House	-	8	<b>8</b>	-
HSBC	-	6	<b>6</b>	-
HSBC Belfast	-	11	<b>11</b>	-
Hymans Robertson	-	14	<b>14</b>	20
International Power	-	-	-	25
Land Securities	-	32	<b>32</b>	80
MBNA	-	29	<b>29</b>	16
MBNA (MPL)	-	7	<b>7</b>	18
Nationwide Building Society	-	5	<b>5</b>	-
Survey Monkey	-	11	<b>11</b>	10
Ulster Rugby	-	-	-	14
USDAW	-	42	<b>42</b>	-
Vanquis Bank	100	-	<b>100</b>	100

	Restricted funds	Unrestricted funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000
VolkerWessels UK Ltd	-	-	-	37
Winemark	-	-	-	10
Other	-	40	40	75
<b>Total organisations raising funds</b>	143	358	501	607
<b>(f) Gifts in kind</b>	-	13	13	48
<b>Total gifts in kind</b>	-	13	13	48
<b>Total donations and legacies</b>	1,388	10,666	12,054	14,297

### 3. Income from charitable activities

	Group 2017	Group 2016
	£'000	£'000
Belfast Health and Social Care Trusts for children and adults services in Northern Ireland	282	273
Big Lottery Fund - England	217	-
Big Lottery Fund - Live and Learn	-	57
Big Lottery Fund - Step Up	-	153
Dept for Communities for employment services	130	110
Dept of Health (NI)	83	110
Department of Health for strategic partnership	173	181
European Social Fund – funding for Employment services in Northern Ireland	667	667
Health and Social Care Boards for Information, Advocacy and Children Services in Northern Ireland	57	134
National Offender Management Service	-	96
Northern Health and Social Care Trusts for children, adults services in Northern Ireland	112	62
Northern Ireland Housing Executive for Supporting People Grant	706	707
Schools & Regional Colleges for employment services in Northern Ireland	44	44
Sheffield & District Hospital Service	7	8
Skills for care	-	23
South Eastern Health and Social Care Trusts for children and adults services in Northern Ireland	336	251
Southern Health and Social Care Trusts for children, adults and information services in Northern Ireland	256	255
Sport England for inclusive sports project	62	67
Sure Start Partnerships in Northern Ireland for play adviser services	17	17
Western Health and Social Care Trusts for children and adults services in Northern Ireland	987	506
Education Authority for Youth Services and Youth Hub Project	99	97
<b>Sub-total</b>	4,235	3,818
All other income from charitable activities (see below)	158,829	158,719
<b>Total income from charitable activities</b>	163,064	162,537

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 2017	Group 2016
	£'000	£'000
Promotional and other sponsored events	256	210
DBS checks	628	349
Retail	149	107
Trust management services	287	321
Other	-	5
	1,320	992

### 5. Investment income

	Group 2017	Group 2016
	£'000	£'000
Income from listed investments	172	148
Bank interest	26	48
	198	196

### 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:

	2017
	Number of volunteers
<b>Raising funds</b>	<b>595</b>
Charitable activities:	
Direct services	215
Other projects	430
<b>Total charitable activities</b>	<b>645</b>
	1,240

## 7a. Total resources expended

	Staff costs	Depreciation	Other direct costs	Reallocated support costs	Total 2017	Total 2016 (restated)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Raising funds:</b>						
Costs of raising funds	1,294	-	2,519	389	<b>4,202</b>	3,802
Investment management costs	-	-	20	-	<b>20</b>	8
Trading costs of subsidiaries	84	12	187	-	<b>283</b>	168
	<b>1,378</b>	<b>12</b>	<b>2,726</b>	<b>389</b>	<b>4,505</b>	<b>3,978</b>
<b>Charitable activities:</b>						
Raising awareness and changing attitudes	956	-	220	120	<b>1,296</b>	1,172
Making a difference to the lives of people with a learning disability here and now	130,654	1,781	30,732	16,655	<b>179,822</b>	175,343
Supporting friendships and relationships	488	-	414	93	<b>995</b>	1,201
Improving health for people with a learning disability	62	49	44	15	<b>170</b>	160
Giving children the best start in life	274	165	197	66	<b>702</b>	671
Defined benefit pension scheme finance costs	-	-	690	-	<b>690</b>	834
Governance	125	-	190	32	<b>347</b>	512
	<b>132,559</b>	<b>1,995</b>	<b>32,487</b>	<b>16,981</b>	<b>184,022</b>	<b>179,893</b>
<b>Support costs</b>	<b>9,864</b>	<b>479</b>	<b>7,027</b>	<b>(17,370)</b>	<b>-</b>	<b>-</b>
	<b>143,801</b>	<b>2,486</b>	<b>42,240</b>	<b>-</b>	<b>188,527</b>	<b>183,871</b>

## 7b. Support costs allocated

	Management	Finance	HR	Information technology	Fundraising	Other	Total 2017	Total 2016 (restated)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs of raising funds	76	79	70	105	54	5	<b>389</b>	316
Raising awareness and changing attitudes	23	24	22	32	17	2	<b>120</b>	98
Making a difference to the lives of people with a learning disability here and now	3,243	3,367	3,025	4,498	2,303	219	<b>16,655</b>	14,628
Supporting friendships and relationships	18	19	17	25	13	1	<b>93</b>	100
Improving health for people with a learning disability	3	3	3	4	2	-	<b>15</b>	13
Giving children the best start in life	13	13	12	18	9	1	<b>66</b>	56
Governance	6	7	6	9	4	-	<b>32</b>	43
	<b>3,382</b>	<b>3,512</b>	<b>3,155</b>	<b>4,691</b>	<b>2,402</b>	<b>228</b>	<b>17,370</b>	<b>15,254</b>

## 8. Information reporting to employees

	Still employed	Including termination payments	Total	Total
	2017	2017	2017	2016 (restated)
£60,000 - £69,999	17	0	<b>17</b>	14
£70,000 - £79,999	3	0	<b>3</b>	5
£80,000 - £89,999	5	0	<b>5</b>	6
£90,000 - £99,999	3	1	<b>4</b>	2
£100,000 - £109,999	0	0	<b>0</b>	2
£110,000 - £119,999	1	0	<b>1</b>	0
£120,000 - £129,999	2	0	<b>2</b>	1
£130,000 - £139,999	0	0	<b>0</b>	0
£140,000 - £149,999	1	0	<b>1</b>	1
	<b>32</b>	<b>1</b>	<b>33</b>	<b>31</b>

Of the 33 employees above, all are members of the defined contribution scheme. Payments made to the defined contribution scheme on behalf of these individuals amounted to £111,213 (2016: £93,080) for the year. Of the above employees, 1 is included as a result of salary payments paid during the year and additional termination payments made.

### Trustees and senior management

The senior management of the charity consists of the executive team. The total employee benefits received by members of the executive team during the year amounted to £874,755 (2016: £756,815). The increase was primarily due to changes in personnel during 2016, resulting in 2017 being the first full year for two members of the executive team. More details of executive remuneration can be found in the Trustees' report.

	2017	2016
	£'000	£'000
<b>Employee costs during the year:</b>		
Wages and salaries	<b>133,280</b>	131,233
Social security costs	<b>8,890</b>	8,356
Pension costs	<b>1,631</b>	1,505
Total as staff costs as per note 7a	<b>143,801</b>	141,094
Capitalised Kinetic staff costs	-	121
Benefits in kind	<b>153</b>	124
<b>Total employee costs</b>	<b>143,954</b>	<b>141,339</b>

Included in the above are amounts paid to temporary staff during the year totalling £8.3m (2016: £7.1m).

### Redundancy and termination payments:

Expenditure totalling £670,397 (2016: £1,025,988) was recognised in the year in respect of redundancy and termination payments for staff, of which £182,404 was accrued but not yet paid at 31 March 2017.

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

	2017 Employees (FTE)	2016 Employees (FTE)
Raising awareness and changing attitudes	29	26
Making a difference to the lives of people with a learning disability here and now	5,097	5,149
Supporting friendships and relationships	17	16
Improving health for people with a learning disability	61	55
Giving children the best start in life	11	14
Trading	4	-
Raising funds	34	29
Support costs	234	229
Governance	15	14
	<b>5,502</b>	<b>5,532</b>

### The estimated average number of employees by function was:

	2017 Employees	2016 Employees
Raising awareness and changing attitudes	32	30
Making a difference to the lives of people with a learning disability here and now	7,716	7,816
Supporting friendships and relationships	30	33
Improving health for people with a learning disability	64	58
Giving children the best start in life	21	24
Trading	5	-
Raising funds	37	32
Support costs	259	250
Governance	17	17
	<b>8,181</b>	<b>8,260</b>

## 9. Expenses of the Trustees

During the year, 13 trustees (2016: 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 £13,428 (2016: £17,421). Members of the board of trustees are not remunerated.

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

	Group 2017 £'000	Group 2016 £'000
<b>Net incoming/(outgoing) resources for the year are stated after charging:</b>		
<b>Depreciation and amortisation</b>		
Own assets	2,372	1,841
Leased assets	114	172
<b>Rentals under operating leases</b>		
Land and buildings	3,241	3,276
<b>Interest payable</b>		
Interest element of finance leases	12	13
Bank interest	1,899	1,643
Defined benefit pension expenditure movement for the year	690	834
<b>Auditors remuneration</b>		
Audit of the group	70	71
Other non-audit work:		
● Tax	10	3
● Risk review	-	17

Included in the audit fee charged for the group was £60,075 (2016: £53,800) for the audit of the parent charity.

## 11. Operating lease commitments

At 31 March 2017 the group has the following annual commitments under non-cancellable operating leases:

	Land and buildings 2017 £'000	Land and buildings 2016 £'000
Within one year	3,422	3,241
Within two to five years	7,254	6,428
After five years	16,995	18,106
	<b>27,671</b>	<b>27,775</b>

## 12. Tangible fixed assets

### (a) Group

	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
Balance at 1 April 2016	107,666	1,055	6,141	3,086	2,087	120,035
Additions	487	2,004	35	912	21	3,459
Disposals	(1,495)	-	(56)	(318)	(302)	(2,171)
Transfers between classes	2,744	(2,744)	(8)	8	-	-
<b>Balance at 31 March 2017</b>	<b>109,402</b>	<b>315</b>	<b>6,112</b>	<b>3,688</b>	<b>1,806</b>	<b>121,323</b>
<b>Accumulated depreciation</b>						
Balance at 1 April 2016	7,107	-	927	2,405	1,836	12,275
Charge for the year	1,084	-	97	358	138	1,677
Disposals	(144)	-	(49)	(315)	(298)	(806)
<b>Balance at 31 March 2017</b>	<b>8,047</b>	<b>-</b>	<b>975</b>	<b>2,448</b>	<b>1,676</b>	<b>13,146</b>
<b>Net book value at 31 March 2017</b>	<b>101,355</b>	<b>315</b>	<b>5,137</b>	<b>1,240</b>	<b>130</b>	<b>108,177</b>
Less shared investment contribution	(2,471)	-	(665)	-	-	(3,136)
	<b>98,884</b>	<b>315</b>	<b>4,472</b>	<b>1,240</b>	<b>130</b>	<b>105,041</b>
<b>Net book value at 31 March 2016</b>	<b>100,559</b>	<b>1,055</b>	<b>5,214</b>	<b>681</b>	<b>251</b>	<b>107,760</b>
Less shared investment contribution	(2,402)	-	(734)	-	-	(3,136)
	<b>98,157</b>	<b>1,055</b>	<b>4,480</b>	<b>681</b>	<b>251</b>	<b>104,624</b>

### (b) Company

	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
Balance at 1 April 2016	19,110	-	73	2,878	2,087	24,148
Additions	22	-	-	912	21	955
Disposals	(779)	-	(40)	(318)	(302)	(1,439)
Transfers between classes	-	-	(8)	8	-	-
<b>Balance at 31 March 2017</b>	<b>18,353</b>	<b>-</b>	<b>25</b>	<b>3,480</b>	<b>1,806</b>	<b>23,664</b>
<b>Accumulated depreciation</b>						
Balance at 1 April 2016	631	-	63	2,368	1,836	4,898
Charge for the year	288	-	3	337	138	766
Disposals	(29)	-	(43)	(315)	(298)	(685)
<b>Balance at 31 March 2017</b>	<b>890</b>	<b>-</b>	<b>23</b>	<b>2,390</b>	<b>1,676</b>	<b>4,979</b>
<b>Net book value at 31 March 2017</b>	<b>17,463</b>	<b>-</b>	<b>2</b>	<b>1,090</b>	<b>130</b>	<b>18,685</b>
<b>Net book value at 31 March 2016</b>	<b>18,479</b>	<b>-</b>	<b>10</b>	<b>510</b>	<b>251</b>	<b>19,250</b>

## 13. Intangible fixed assets

### (a) Group

	Software £'000	Total £'000
<b>Cost or valuation</b>		
Balance at 1 April 2016	2,526	2,526
Additions	105	105
Disposals	-	-
Transfers between classes	-	-
<b>Balance at 31 March 2017</b>	<b>2,631</b>	<b>2,631</b>
<b>Accumulated depreciation</b>		
Balance at 1 April 2016	1,063	1,063
Charge for the year	812	812
Disposals	-	-
<b>Balance at 31 March 2017</b>	<b>1,875</b>	<b>1,875</b>
<b>Net book value at 31 March 2017</b>	<b>756</b>	<b>756</b>
<b>Net book value at 31 March 2016</b>	<b>1,463</b>	<b>1,463</b>

### (b) Company

	Software £'000	Total £'000
<b>Cost or valuation</b>		
Balance at 1 April 2016	2,282	2,282
Additions	105	105
Disposals	-	-
Transfers between classes	-	-
<b>Balance at 31 March 2017</b>	<b>2,387</b>	<b>2,387</b>
<b>Accumulated depreciation</b>		
Balance at 1 April 2016	860	860
Charge for the year	770	770
Disposals	-	-
<b>Balance at 31 March 2017</b>	<b>1,630</b>	<b>1,630</b>
<b>Net book value at 31 March 2017</b>	<b>757</b>	<b>757</b>
<b>Net book value at 31 March 2016</b>	<b>1,422</b>	<b>1,422</b>

## 14. Fixed asset investments

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
<b>Equities</b>				
Market value at 1 April 2016	4,414	4,907	4,414	4,907
Acquisitions	120	485	120	485
Disposals	(4,473)	(554)	(4,473)	(554)
Net investment (losses)/gains	645	(424)	645	(424)
Market value at 31 March 2017	706	4,414	706	4,414
<b>Bonds, cash and cash instruments</b>				
Market value at 1 April 2016	6,943	7,142	6,943	7,142
Acquisitions	8,283	1,122	8,283	1,122
Disposals	(3,940)	(1,336)	(3,940)	(1,336)
Net investment (losses)/gains	149	15	149	15
Market value at 31 March 2017	11,435	6,943	11,435	6,943
Total value at 31 March	12,141	11,357	12,141	11,357
Cost at 31 March	12,032	10,269	12,032	10,269

Included in market value of investments is an amount for the Mencap Visiting Service of £6.0m (2016: £5.4m). 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 2017 £'000	Bonds, cash and cash instruments 2017 £'000	Total 2017 £'000
<b>Group:</b>			
Listed on UK Stock Exchange	706	-	706
UK bonds, cash and cash instruments	-	11,435	11,435
Market value at 31 March 2017	706	11,435	12,141
Market value at 31 March 2016	4,414	6,943	11,357
<b>Charity:</b>			
Listed on UK Stock Exchange	706	-	706
UK bonds, cash and cash instruments	-	11,435	11,435
Market value at 31 March 2017	706	11,435	12,141
Market value at 31 March 2016	4,414	6,943	11,357

## 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	45,076
Mencap Limited	889191	-	Mail order catalogue selling gifts and Christmas cards	(97)
Mencap Promotions Limited	1016345	-	Promotional and other special events	-
Mencap Trust Company Limited	1233201	-	Discretionary trust management	53

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 registered office of all of the above subsidiaries is 123 Golden Lane, London, EC1Y 0RT.

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 Limited	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Trading subsidiaries:</b>						
Turnover	-	336	99	226	<b>661</b>	613
Cost of sales	-	-	(34)	(60)	<b>(94)</b>	(78)
<b>Gross profit/(loss)</b>	-	336	65	166	<b>567</b>	535
Administration costs	-	(336)	(85)	(10)	<b>(431)</b>	(379)
<b>Net profit/(loss)</b>	-	-	(20)	156	<b>136</b>	156
Paid to Royal Mencap Society under gift aid	-	-	-	(156)	<b>(156)</b>	(134)
Provision for tax	-	-	-	-	-	(3)
<b>Retained in subsidiaries</b>	-	-	(20)	-	<b>(20)</b>	19

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 within the Mencap group.

	Royal Mencap Society	Golden Lane Housing	Total 2017	Total 2016
	£'000	£'000	£'000	£'000
<b>Charitable companies:</b>				
Incoming resources	176,453	15,097	<b>191,550</b>	190,944
Resources expended	(161,803)	(9,388)	<b>(171,191)</b>	(171,445)
<b>Income/(expenditure) before administration costs</b>	14,650	5,709	<b>20,359</b>	19,499
Administration costs	(13,992)	(2,947)	<b>(16,939)</b>	(12,085)
	658	2,762	<b>3,420</b>	7,414
Net gains/(losses) on investments	794	-	<b>794</b>	(409)
<b>Net income/(expenditure)</b>	1,452	2,762	<b>4,214</b>	7,005

## 17. Debtors

	Group 2017	Group 2016	Charity 2017	Charity 2016
	£'000	£'000	£'000	£'000
Trade debtors	<b>15,477</b>	13,674	<b>14,770</b>	12,921
Amount due from group undertakings	-	-	<b>4,388</b>	4,798
Other debtors	<b>528</b>	503	<b>507</b>	432
Prepayments	<b>1,234</b>	1,312	<b>911</b>	913
Accrued income	<b>7,316</b>	7,148	<b>6,942</b>	6,916
	<b>24,555</b>	22,637	<b>27,518</b>	25,980

Included in the net amounts due from group undertakings is a concessionary loan from the charity to Golden Lane Housing Limited for £3.81m (2016: £4.19m) 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 2017	Group 2016	Charity 2017	Charity 2016
	£'000	£'000	£'000	£'000
Obligations under finance leases	<b>196</b>	125	<b>196</b>	125
Local society creditors	<b>44</b>	46	<b>44</b>	46
Trade creditors	<b>2,664</b>	2,265	<b>2,245</b>	1,878
Taxation and social security costs	<b>2,424</b>	2,086	<b>2,271</b>	2,001
Other creditors	<b>3,810</b>	4,298	<b>3,816</b>	4,289
Accruals	<b>4,754</b>	4,226	<b>3,442</b>	3,053
Deferred income	<b>4,714</b>	3,095	<b>4,711</b>	3,090
Current portion of long term loans	<b>1,046</b>	948	<b>60</b>	60
	<b>19,652</b>	17,089	<b>16,785</b>	14,542

### Deferred income movement:

	Group 2017	Charity 2017
	£'000	£'000
Balance at 1 April 2016	<b>3,095</b>	3,090
Amount released in the year	<b>(3,095)</b>	(3,090)
Amount deferred in the year	<b>4,714</b>	4,711
Balance at 31st March 2017	<b>4,714</b>	4,711

Grants that have been received are 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).

At 31 March 2017, the charity holds £626,384 (2016: £525,910) on behalf of people we support. This balance has not been included within these financial statements.

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

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Obligations under finance leases, two to five years	207	87	207	87
Debenture loan	21,000	21,000	-	-
Bank loan	24,406	25,452	900	960
	<b>45,613</b>	46,539	<b>1,107</b>	1,047

### Royal Mencap Society

In 2007, the charity obtained a loan for £1.5m, repayable in equal installments over 25 years, at an interest rate of LIBOR plus 0.95%. As at 31st March 2017, the value of the loan stood at £0.96m. 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.

### Golden Lane Housing

#### Housing Bond issue

In February 2013 Golden Lane Housing issued a 5 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 2015 the company 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 fully utilised in this purpose. The bond is repayable on 29th July 2021.

#### Loans

In August 2014 two loans held with Nationwide were refinanced, leaving Golden Lane Housing with a fixed term loan of £704,823 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:

	2017 £'000	2016 £'000
Under 1 year	1,046	948
Between 1-2 years	11,086	1,046
Between 2-5 years	14,514	13,385
Over 5 years	19,806	32,021
	<b>46,452</b>	47,400

## 20. Financial instruments

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Financial assets measured at amortised cost (a)	42,865	37,514	37,797	33,652
Financial assets measured at fair value (b)	12,141	11,357	12,141	11,357
Financial liabilities measured at amortised cost (c)	(58,083)	(58,401)	(10,866)	(10,452)

(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:

	Income 2017 £'000	Expense 2017 £'000	Gains/ (losses) 2017 £'000	Income 2016 £'000	Expense 2016 £'000	Gains/ (losses) 2016 £'000
Financial assets measured at amortised cost	26	-	-	48	-	-
Financial assets measured at fair value	172	-	794	148	-	(409)
Financial liabilities measured at amortised cost	-	(1,911)	-	-	(1,656)	-

## 21. Provisions for liabilities and charges

	Mencap Visiting Service £'000	Dilapidations £'000	Employee benefits £'000	Other £'000	Total £'000
<b>Balance at 31 March 2016</b>	4,366	761	845	596	<b>6,568</b>
Amount utilised in the year	(240)	(16)	(845)	-	<b>(1,101)</b>
Amount released in the year	-	(17)	-	(223)	<b>(240)</b>
Amount provided in the year	1,310	27	980	162	<b>2,479</b>
<b>Balance at 31 March 2017</b>	5,436	755	980	535	<b>7,706</b>

## 22. Analysis of assets and liabilities between funds

### Group

	Restricted funds £'000	Unrestricted funds £'000	Total 2017 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2016 £'000
Fixed assets	28,376	89,562	117,938	27,567	89,877	117,444
Current assets	3,718	40,437	44,155	3,908	34,957	38,865
Liabilities	(5,704)	(87,932)	(93,636)	(4,725)	(86,007)	(90,732)
<b>Total</b>	<b>26,390</b>	<b>42,067</b>	<b>68,457</b>	<b>26,750</b>	<b>38,827</b>	<b>65,577</b>

## 23. Group funds

	Balance 1 April 2015	Incoming resources	Outgoing resources	Transfers	Gains and losses	Balance 31 March 2016	Balance 1 April 2016	Incoming resources	Outgoing resources	Transfers	Gains and losses	Balance 31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Restricted</b>												
Homes	262	32	(84)	85	-	295	295	48	(77)	(1)	-	265
Inspired Educators	144	-	(76)	(55)	-	13	13	-	(11)	-	-	2
Learning and Development Restricted Training	-	23	-	-	-	23	23	-	(37)	15	-	1
Mencap Visiting Service	1,238	112	(152)	-	(424)	774	774	211	(1,319)	-	638	304
NewBe Project	3,154	1,382	(360)	96	-	4,272	4,272	77	(252)	(211)	-	3,886
Research Fund	19	-	-	-	-	19	19	-	-	-	-	19
Rothenberg Fellowship	125	-	-	-	-	125	125	-	(6)	-	-	119
Rothenberg Memorial Trust	28	-	-	-	-	28	28	-	-	-	-	28
Service provision - Communities & Programmes	526	598	(604)	30	-	550	550	358	(359)	(131)	-	418
Service provision - Lifestyles & Work	130	343	(184)	2	-	291	291	481	(367)	53	-	458
Service provision - Personal Support	324	2,070	(2,002)	15	-	407	407	1,995	(1,957)	(97)	-	348
Service provision - Strategy & Influence	527	1,778	(1,801)	(12)	-	492	492	1,388	(1,440)	341	-	781
Service provision - other	1,026	134	(108)	(139)	-	913	913	115	(44)	(108)	-	876
Service provision - Golden Lane Housing	18,329	27	-	-	-	18,356	18,356	549	(55)	(104)	-	18,746
Young Ambassadors	408	8	(235)	(9)	-	172	172	-	(53)	-	-	119
Special contingency	20	-	-	-	-	20	20	-	-	-	-	20
	26,260	6,507	(5,606)	13	(424)	26,750	26,750	5,222	(5,977)	(243)	638	26,390
<b>Unrestricted</b>												
General	49,493	184,817	(177,205)	(4,263)	15	52,857	52,857	186,719	(181,753)	(1,655)	156	56,324
Designated reserves:												
● Maintenance funds	180	-	-	64	-	244	244	-	-	-	-	244
● Seed capital	28	-	-	-	-	28	28	-	-	-	-	28
● VAT for development project	57	-	-	-	-	57	57	-	-	-	-	57
● Non repayable grants	5,691	4	(125)	(56)	-	5,514	5,514	-	-	(38)	-	5,476
● Tenants support fund	603	-	-	-	-	603	603	-	-	-	-	603
● Greengates Charity	60	-	-	-	-	60	60	-	-	(60)	-	-
Pension deficit	(27,346)	-	(963)	4,242	3,531	(20,536)	(20,536)	-	(797)	1,996	(1,328)	(20,665)
	28,766	184,821	(178,293)	(13)	3,546	38,827	38,827	186,719	(182,550)	243	(1,172)	42,067
<b>Total funds</b>	55,026	191,328	(183,899)	-	3,122	65,577	65,577	191,941	(188,527)	-	(534)	68,457

## 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.
- Inspired Educators - used to fund a project that works with head teachers and Special Educational Needs coordinators to support them in ensuring that teaching assistants are properly employed to support children with SEN.
- 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, £211,000 was transferred to Service provision to enable the children's service that operates from the Mencap Centre to develop new operational models and develop existing services.
- 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 the charity and Golden Lane Housing's core services. In each of the areas listed, restricted funds are utilised for the purposes specified in their restriction to further Mencap's activities. More information about Mencap's work in these areas, funded by a combination of restricted and unrestricted funds, can be found in the Trustee's report.
- 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.
- 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.
- 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, a property was disposed of and the related grant was released to general reserves. An additional grant was received for major works on a property in Bristol.
- 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 were utilised in the year on a property in Slough (£41,000) and a property in Redbridge (£19,000).

## Transfers

In addition to the transfers related to restricted and designated funds detailed above, £1,996,000 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, Mencap's defined benefit scheme was closed to future accruals. This means that Mencap will fund the benefits that staff have earned to that date, but does not offer the same benefit moving forward due to the inherent risk involved in running this type of scheme.

Staff are, however, 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. Total contributions recognised in the statement of financial activities in 2017 were £1.631m (2016: £1.505m).

In addition to the above, Mencap participates in the Nottinghamshire County Council Pension Fund in respect of a small number of staff who have transferred over to Mencap. Mencap participates in this scheme by way of an admission agreement. In relation to this scheme Mencap currently has 21 active employees. Full provision has been made in the financial statements for this scheme. However as the liability is not material, detailed disclosure has been limited so as not to distort or overstate the importance of this scheme within Mencap's overall finances.

At 31 March 2016, Mencap was also participating in the Staffordshire County pension fund in respect of a single active member of staff. This employee has now left Mencap, but a management estimate of the scheme liability is included pending the final liability being settled.

### 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 Mencap can account for the pension liability on its 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 Mencap subsequently agreed a schedule of contributions with the pension scheme trustees to settle the pension deficit over a period of 17 years.

From the year ended March 2016 and going forward Mencap 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 2017 the total scheme liabilities were valued at £146.4 million and the assets at £127.6 million. The net deficit is therefore £18.8 million. This compares with a net deficit of £19.2 million reported last year.

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

### Financial assumptions

	31 March 2017 % per annum	31 March 2016 % per annum
Retail price inflation (% p.a.)	3.30%	3.15%
Consumer price inflation (% p.a.)	2.30%	2.15%
Discount rate	2.60%	3.50%

The demographic assumptions used are:

#### Longevity assumptions as at 31 March 2017

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

Life expectancies as at:

Males (M) or Females (F)	31 March 2017		31 March 2016	
	M	F	M	F
Average future life expectancy (in years) for a pensioner aged 65 at 31 March 2017	22.1	24.9	22.9	25.3
Average future life expectancy (in years) at age 65 for a non-pensioner aged 45 at 31 March 2017	24.4	26.7	25.7	27.3

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

#### Assets

	Fund value 31 March 2017 £'000	Fund value 31 March 2016 £'000
Equities	36,261	34,296
Corporate bonds	24,744	20,340
Government bonds	1,374	-
Real estate	3,971	7,003
Insurance contracts	2,440	2,553
Cash and cash equivalents	3,427	305
Alternatives	12,851	10,561
Emerging market debt	4,092	2,378
LDI	38,494	28,335
Total value of assets	127,654	105,771
Actuarial (value) of liabilities	(146,428)	(124,998)
Surplus/(deficit) of funded plan liabilities	(18,774)	(19,227)
Actuarial (value) of unfunded plan liabilities	-	-
Irrecoverable (surplus)	-	-
Surplus/(deficit) recognised in balance sheet	(18,774)	(19,227)
Related deferred tax liability	-	-
<b>Net pension asset/(liability)</b>	<b>(18,774)</b>	<b>(19,227)</b>

#### Reconciliation of Plan benefit obligation

	31 March 2017 £'000	31 March 2016 £'000
Opening defined benefit obligation	124,998	130,002
Current service cost	-	-
Administration costs	-	-
Interest cost	4,297	4,232
Contributions by Plan participants	-	-
Actuarial (gains)/losses	21,474	(5,722)
Past service cost	-	-
Losses/(gains) on curtailments	-	-
Liabilities (extinguished) on settlements	-	-
Liabilities assumed in a business combination	-	-
Exchange differences	-	-
Benefits (paid)	(4,341)	(3,515)
<b>Closing defined benefit obligation</b>	<b>146,428</b>	<b>124,997</b>

#### Reconciliation of fair value of Plan assets

	31 March 2017 £'000	31 March 2016 £'000
Opening fair value of Plan assets	105,771	104,194
Interest income	3,655	3,449
Contributions by Plan participants	-	-
Contributions by Royal Mencap Society	1,925	4,170
Actual return on assets excluding amounts included in net interest	20,645	(2,528)
Assets distributed on settlements	-	-
Assets acquired in a business combination	-	-
Exchange differences	-	-
Benefits (paid)	(4,341)	(3,515)
<b>Closing fair value of Plan assets</b>	<b>127,655</b>	<b>105,770</b>

### Analysis of amount charged to operating profit

	31 March 2017	31 March 2016
	£'000	£'000
Current service cost	-	-
Administration costs	-	-
Past service (cost)	-	-
(Losses)/gains on curtailments and settlements	-	-
Total operating charge	-	-

### Analysis of amount credited to other finance income

	31 March 2017	31 March 2016
	£'000	£'000
Interest income on Plan assets	3,655	3,449
(Interest) on Plan liabilities	(4,297)	(4,232)
Impact of asset ceiling on net interest	-	-
Net interest on defined benefit liability	(642)	(783)
Total amount charged to profit & loss (total operating charge less net interest)	(642)	(783)

### Analysis of amount recognised in Other Comprehensive Income (OCI)

	31 March 2017	31 March 2016
	£'000	£'000
Actual return on assets excluding amounts included in net interest	20,645	(2,528)
Actuarial gains/(losses) on Plan obligations	(21,474)	5,722
Remeasurement gain/(loss) in Plan	<b>(829)</b>	<b>3,194</b>
Decrease/(increase) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurement gain/(loss) recognised in OCI	<b>(829)</b>	<b>3,194</b>

### Sensitivity analysis

#### Change in assumptions compared with 31 March 2017 actuarial assumptions:

	Actuarial value of liabilities on 31 March 2017
	£'000
Base case	<b>146,428</b>
-0.5% decrease in discount rate	<b>162,662</b>
1 year increase in life expectancy	<b>152,285</b>
+0.5% change in inflation	<b>157,492</b>

### Local authority pension schemes

#### Nottinghamshire County Council Pension Scheme

The Nottinghamshire County Council Pension Fund is a defined benefit scheme with 21 members at 31 March 2017. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The agreed employer's contribution rate for the year to March 2017 was 14.4% and this was expensed during the year. Contributions have been set at 14.4% for 2017/18.

The estimated asset allocation at 31 March 2017 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £1.84 million. Actuarial losses are recognised in the statement of financial activities as set out below.

#### 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 pension scheme valuation at 31 March 2014 indicated that Mencap's share of liabilities of the scheme exceed 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 to 31 March 2017.

Mencap had no active members in the pension scheme in the year to 31 March 2017 and did not expense employer contributions during the year.

### Other local government pension schemes

Mencap also participates 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 2017	31 March 2016
	% p.a.	% p.a.
RPI increases	<b>3.60%</b>	3.40%
CPI increases	<b>2.70%</b>	2.50%
Salary increases	<b>4.20%</b>	4.30%
Pension increases	<b>2.70%</b>	2.50%
Discount rate	<b>2.80%</b>	3.90%

The demographic assumptions used are:

#### Life expectancy from age 65

	31 March 2017	31 March 2016
<b>Retiring today:</b>		
Males	22.5	22.1
Females	25.5	25.3
<b>Retiring in 20 years:</b>		
Males	24.7	24.4
Females	27.8	27.7

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

	31 March 2017 £'000	31 March 2016 £'000
Present value of the defined benefit obligation	(4,087)	(2,951)
Fair value of Fund assets (bid value)	2,244	1,690
<b>Deficit</b>	<b>(1,843)</b>	<b>(1,261)</b>

#### Reconciliation of present value of the defined benefit obligation

	31 March 2017 £'000	31 March 2016 £'000
Opening defined benefit obligation	2,951	3,152
Current service cost	105	129
Interest cost	115	110
Change in financial assumptions	1,097	(409)
Change in demographic assumptions	109	-
Experience loss/(gain) on defined benefit obligation	(279)	-
Liabilities assumed/(extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(38)	(59)
Past service costs, including curtailments	-	-
Contributions by Scheme participants	27	28
Unfunded pension payments	-	-
<b>Closing defined benefit obligation</b>	<b>4,087</b>	<b>2,951</b>

#### Reconciliation of the fair value of Fund assets

	31 March 2017 £'000	31 March 2016 £'000
Opening fair value of Fund assets	1,690	1,661
Interest on assets	67	59
Return on assets less interest	328	(72)
Other actuarial gains/(losses)	100	-
Administration expenses	(1)	-
Contributions by employer including unfunded	71	73
Contributions by Fund participants	27	28
Estimated benefits paid plus unfunded net of transfers in	(38)	(59)
Settlement prices received/(paid)	-	-
<b>Closing defined benefit obligation</b>	<b>2,244</b>	<b>1,690</b>

#### Analysis of amount charged to operating profit

	31 March 2017 £'000	31 March 2016 £'000
Current service (cost)	(105)	(129)
Administration costs	(1)	-
Past service cost	-	-
(Losses)/gains on curtailments and settlements	-	-
<b>Total operating charge</b>	<b>(106)</b>	<b>(129)</b>

#### Analysis of amount credited to other finance income

	31 March 2017 £'000	31 March 2016 £'000
Interest income on Plan assets	-	-
(Interest) on Plan liabilities	(48)	(51)
Impact of asset ceiling on net interest	-	-
<b>Net interest on net define benefit liability</b>	<b>(48)</b>	<b>(51)</b>
<b>Total amount charged to profit &amp; loss (total operating charge less net interest)</b>	<b>(154)</b>	<b>(180)</b>

#### Analysis of amount recognised in Other Comprehensive Income (OCI)

	31 March 2017 £'000	31 March 2016 £'000
Return on Plan assets in excess of interest	328	(72)
Other actuarial gains/(losses) on assets	100	-
Change in financial assumptions	(1,097)	409
Change in demographic assumptions	(109)	-
Experience gain/(loss) on defined benefit obligation	279	-
Changes in effect of asset ceiling	-	-
<b>Remeasurement gain/(loss) recognised in OCI</b>	<b>(499)</b>	<b>337</b>

## Summary of amounts disclosed in the accounts

### Amount recognised in operating profit/(loss)

	2017 £'000	2016 £'000
Mencap pension scheme	-	-
Nottinghamshire County Council Pension Fund	(106)	(129)
	<b>(106)</b>	(129)

### Amount recognised in finance income

	2017 £'000	2016 £'000
Mencap pension scheme	(642)	(783)
Nottinghamshire County Council Pension Fund	(48)	(51)
	<b>(690)</b>	(834)

### Amount recognise in other recognised gains/(losses)

	2017 £'000	2016 £'000
Mencap pension scheme	(829)	3,194
Nottinghamshire County Council Pension Fund	(499)	337
Staffordshire County Pension Fund	-	-
	<b>(1,328)</b>	3,531

### Defined benefit pension liability

	2017 £'000	2016 £'000
Mencap pension scheme	(18,774)	(19,227)
Nottinghamshire County Council Pension Fund	(1,843)	(1,261)
Staffordshire County Pension Fund	(48)	(48)
	<b>(20,665)</b>	(20,536)

## 25. Related parties

Donations totalling £1,237 were received from related parties during the year without conditions.

### Group companies

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

- Mencap Trust Company paid its annual management fee to the charity - £277,965
- Mencap Promotions Limited paid annual earnings of £161,872 to the charity by way of gift aid
- A total of £219,847 of other expenses incurred within the group were reallocated between the charity and its subsidiaries

At 31 March 2017, the following intercompany balances were outstanding between the charity and its subsidiaries:

	2017 £'000	2016 £'000
Golden Lane Housing Limited - loan	3,813	4,185
Golden Lane Housing Limited - other	83	144
Mencap Limited	135	137
Mencap Promotions Limited	74	77
Mencap Trust Company Limited	283	255
	<b>4,388</b>	<b>4,798</b>

## 26. Capital commitments

At 31 March 2017, the group has the following capital commitments. All are commitments of Golden Lane Housing Limited:

	2017 £'000	2016 £'000
Capital expenditure contracted but not provided for in the financial statements	177	465
Capital expenditure authorised by the board but not contracted for	1,091	1,270
	<b>1,268</b>	<b>1,735</b>

These commitments are expected to be financed with:

	2017 £'000	2016 £'000
Proceeds from the sale of properties	1,268	800
Committed loan facilities	-	935
	<b>1,268</b>	<b>1,735</b>

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

## 27. Contingent liabilities

### 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.

### National living wage and sleep-ins

As at the date of this annual report, Mencap is engaged in clarifying the law around applying average national minimum/living wage (NMW/NLW) to non-contractual sleep-in hours for our support workers. While Mencap has ensured that payments going forwards meet the latest case law interpretation of NMW/NLW requirements, the current legal proceedings concern a potential liability for historic payments. This could involve almost 3,500 members of staff over a 6 year period. Due to the uncertainty over the final outcome of the ongoing legal proceedings and limitations over the ability to assess and reliably measure the value of potential liabilities, the trustees do not consider that the regulatory criteria for making a provision has been met. However, in order to provide stakeholders with guidance around the potential impact, a contingent liability of up to £20m is noted. At the date of signing the financial statements, this is the best estimate of the maximum liability Mencap may face; based on the available governmental guidance with regard to both the value and inclusion of elements within the liability calculation and reasonable assumptions concerning how claims for back pay may be determined.

## 28. Events after the end of the reporting period

### Non-adjusting events occurring after the end of the reporting period

At their board meeting on 21 June 2017, the trustees of Golden Lane Housing agreed to enter into an agreement with the Royal Bank of Scotland to borrow £20m. The intention is to draw up to £10m initially to acquire or develop properties and to leave the remaining £10m undrawn in the short term. The borrowing will be over a period of 10 years, and will be secured against property owned by GLH.

Retail Charity Bond plc (RCB) raised £10m in a recent bond issue for Golden Lane Housing. The offer period for these bonds closed on 3 November 2017. This money will be paid by RCB to GLH under a loan agreement on pre-agreed terms which mirror the terms of the RCB bond. The money will be used to redeem GLH's 2013 bond. In addition, there is £8m of retained bonds which GLH can draw down if and when the GLH trustees give authority to do so. No interest is payable on the retained bonds until they are drawn down, and there is no non-utilisation fee.

Golden Lane Housing have been given notice by their landlords to move from their Westpoint, Manchester offices due to redevelopment of the site. They are due to move to similar offices nearby on or shortly after 24 November 2017. There are no operational or financial implications that relate to the year ended 31 March 2017.



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