

# ANNUAL REPORT 2019



## 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 ran fundraising events until 31 March 2018. 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.

# Contents

## Introduction

A word from the chair and chief executive	4
A message from the Voices Council	7
What is a learning disability?	8
How we help	9
What we said we would do this year	10

## Trustees' report

Reducing stigma and discrimination	12
Social care	18
Supporting friendships and relationships	24
Improving health	32
Early intervention	38
Employment	44
Our plans for next year	48
How we will achieve our goals	50
A big thank you to all our supporters	54
Strategic report	56
Reference and administrative details	64
Structure, governance and management	65
Statement of trustees' responsibilities	72
Independent auditor's report	73
Financial statements	76

# A word from the chair and chief executive



I am proud of the progress that Royal Mencap Society has made this year. The successes that Jan references are significant and have made a real difference, and I am continually impressed by the hard work and dedication of our people. We strive to pay our hard-working support workers as much as we can afford, awarding a well-deserved 3% pay rise in April 2018 – and continuing to treat sleep-ins as covered by National Living Wage regulations. As you will see from the back pages of this report, this has meant a worse financial performance this year, but we feel this is the right thing to do.

**Derek Lewis**, Chair of Royal Mencap Society trustees

There is no doubt though that our operating environment is increasingly tough especially as providing personal support is such a big part of what we do. By 2025, there will be a £3.6 billion funding gap in social care and the cracks are showing. We know from calls into our helpline that local authorities are facing severe financial pressure and being forced to seek economies, sometimes leading to a failure to meet their statutory responsibilities.

And, of course, we still have the spectre of back pay liability for sleep-ins hanging over us. This briefly lifted with the Court of Appeal ruling in July, but returned in January when the Supreme Court decided to review the case. We will contest the case: we have no option. As the trustees of Royal Mencap Society we have to protect this organisation and its charitable purpose, built on the hard work and generosity of generations of families. If the Supreme Court reverses the Court of Appeal decision, the only way this issue can be resolved satisfactorily is if the government accepts its responsibility to fund the back pay.

As a board we are committed to being as inclusive as possible. As you will read in Jack's foreword, the Voices Council now plays a key role, providing scrutiny for all the board's work. We have also started a programme of joint visits to some of our services, shops and network partners which have been insightful, as well as enjoyable. We augmented the board earlier this year adding three new trustees with different skills sets and backgrounds. We also appointed Brendan Clifford as the independent chair for safeguarding to give us that additional assurance and experience.

So, despite the external context, Royal Mencap Society continues to deliver high quality support services for people with a learning disability, as well as working with the Mencap network and others to achieve fundamental social change. I am confident that the year ahead will see further progress.



We have seen some major step changes this year. It started with us winning the prestigious Virgin Money London Marathon official charity partnership. This is a huge opportunity for Royal Mencap Society to increase visibility of people with a learning disability in the media and we have spent a great deal of time planning how we will maximise this. The whole organisation will be involved and I am proud of my colleagues, with and without a learning disability, who have put themselves forward to run for Team Mencap. Watch this space...

**Jan Tregelles**, Royal Mencap Society's chief executive officer

Our Legal Network, offering advice and support for people in dire need, has been successfully piloted. It has supported 48 families so far, with a 98% full or partial success rate. We are working with some of them to push for urgent action on transforming care and are grateful to them for very bravely telling their stories to the media and other opinion formers.

A highlight for me was attending the Inclusion International World Congress, hosted in Birmingham. This was a meeting of self-advocates from across the globe to discuss how to make the world a better place. I was moved by the common sense of community and optimism.

It was wonderful to see one of our flagship programmes, Round The World Challenge, launch. This was developed in partnership with Sport England and we are very grateful to them for their support and enthusiasm. Physical activity brings many benefits: health and wellbeing, social interaction, community cohesion and some people have even gained employment as a result of the confidence they have gained.

Our Children's Centre in Belfast is starting to build evidence that integrated delivery of early intervention can have a real impact on children's development. As the years roll by, we will be able to demonstrate the long-term impact. We were delighted to show our work off to Children's Commissioners from Northern

Ireland, Republic of Ireland, Wales, Jersey and Australia.

This year, 1,796 people attended one of our employment programmes and 183 went on to gain paid employment as a result. This pushes our total number of people in jobs to 1,267 over the last four years. The personal commitment demonstrated by each individual to gain work is inspiring, and the impact is truly life changing. We have just taken on 17 apprentices at Royal Mencap Society and I look forward to charting their future progress.

But my favourite moment this year was when the government announced that it was to introduce mandatory learning disability and autism training for all health and care staff in England and cited our health campaign, *Treat me well*, as one of the drivers. *Treat me well* was designed to start a movement and built on all the hard work of campaigners across the sector over the years. It brought people together and was based on the insight that all healthcare professionals want to provide the best possible care for their patients – they just don't always know how. People with a learning disability were integral to the planning and execution of the whole campaign. I am proud of everyone who works and volunteers for Royal Mencap Society – whether campaigning for change or working hard in our personal support services; their dedication and passion is palpable. We don't always get it right, but we are always working hard to be better.



The Voices Council is a group of people with a learning disability who provide input, support and advice on matters relating to learning disability and the priorities and activities of Mencap to the board of trustees.

## A message from the Voices Council



It is great that Mencap has a Voices Council. We sit down with the Mencap trustees and managers, tell them about our views, and help them to shape the important decisions that Mencap makes.

We now have a Voices Council chair and vice-chair and, after each Voices Council meeting, we meet with Derek Lewis to prepare our feedback to the board meeting the next morning.

### Jack Welch

Chair of the Voices Council

It has been a busy and exciting year for the Voices Council. Some of the subjects we have looked at include:

- Mencap's view on the future of social care
- Mencap's fundraising plans
- making the most of the 2020 London marathon partnership and Mencap's communication strategy.

Our suggestions led to three changes to Mencap's safeguarding policy.

We have been on visits with trustees to look at the different types of services Mencap runs around the country. Everybody has found these visits very interesting and enjoyable.

Voices Council members can also get involved in other projects. The trustees asked us to work on a set of inclusion standards to use in Mencap, and some members have also joined

Mencap's *Treat me well* campaign and inclusive research steering groups.

We have also represented Mencap at events like the *Inclusion International World Congress* and the launch of *Disability History Month*.

We have had some new members with new ideas join the Voices Council this year. We are now looking for more new members that can give us the views of some of the groups that we do not hear from at the moment.

We have a list of subjects to discuss for 2019, and we are looking for ways to hear the views of people from outside the Voices Council on some of those subjects.

Finally, we are very proud of our video, which shows the Voices Council in action. You can watch it, meet all the Voices Council members, and keep up with our work, on our Mencap webpage, [www.mencap.org.uk/voices-council](http://www.mencap.org.uk/voices-council).

# What is a learning disability?

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

## 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, Fragile X syndrome or cerebral palsy can mean a person will have a learning disability. Every person's experience of a learning disability is unique to them.

## Can you cure a learning disability?

A learning disability is permanent. It starts before adulthood and is lifelong, 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 we help

We exist to improve the lives of people with a learning disability and their families now, and support them to create the change 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 300 local groups to reach people across England, Northern Ireland and Wales. Here is how we help:

## Campaigning

When we see things that are not fair, we campaign until we see real change. We work with 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 a little bit of extra 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. We also support families and children through a range of programmes and interventions.

## 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 meets their needs.

## Work

Having a job can transform someone's life. We help people with a learning disability become job-ready, find a suitable role, 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.

# What we said we would do this year

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. In some cases, we did not achieve what we said we would. We held back on certain activities that would have cost money in the year due to the uncertainty over our sleep-ins case with its potential liability for back pay, as discussed in the chair's foreword. Some things were put on hold until we are sure they will be effective, and some things have just taken a bit longer than we hoped. The sections that follow in the trustees' report talk about what we did and did not do on each of our priority areas and why this was.

Priority area	What we said we would do in 2018/19
 <p>Reducing stigma and discrimination</p>	<ol style="list-style-type: none"> <li>1. Continue to deliver the All In Award to 400 more children with and without a learning disability.</li> <li>2. Continue to challenge stigma through delivery of our Motivate project in Wales.</li> <li>3. Train an additional ten people to become Mencap spokespeople.</li> <li>4. Launch a nationally representative survey into the experiences of people with a learning disability of stigma and discrimination.</li> </ol>
 <p>Social care</p> <p>This priority area was previously named 'Making a difference, here and now'. We have changed this to specifically focus on social care.</p>	<ol style="list-style-type: none"> <li>1. Pilot a quality of life survey in our services, gathering the experiences of 200 people we support.</li> <li>2. Undertake an audit of the use of psychotropic medication across our service.</li> <li>3. Use our information and advice services, along with our legal support, to improve provision of social care.</li> </ol>



### Supporting friendships and relationships

1. Reach over 100 people with a learning disability through our sex and relationships project Me and My Body.
2. Deliver sex and relationships training to all our services, and launch our organisational messaging on sexuality in February 2019.
3. Reach over 30 people with a learning disability through our Buddy pilots.
4. Reach a total of 1,850 people through our projects that promote greater choice and control including Round The World Challenge and the Gateway Award.



### Improving health

1. Target 25 NHS Trust areas, challenging them to improve their provision of reasonable adjustments.
2. Reach 750 people through our Know Your Rights sessions and campaigns workshops.
3. Work with ten campaign groups across England to support them in developing and delivering healthcare training.



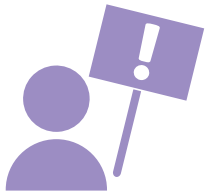
### Early intervention

1. Support 52 children in our Children's Centre in Northern Ireland, and continue to scope options for delivery in England.
2. Roll out EPAtS (Early Positive Approaches to Support) at four new sites and extend our family support offer in Northern Ireland (funding dependent).
3. Establish two local hubs for early intervention in England to raise the profile of early intervention support (funding dependent).
4. Implement our influencing plans in England and Northern Ireland.



### Employment

1. Continue to understand the impact of our employment support.



# Reducing stigma and discrimination

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

## A reflection on this priority area

“In January 2019, we embarked on an ambitious inclusive research project with the launch of a national survey for people with a learning disability. With this insight, we hope to gain a deeper understanding of the everyday experiences of people with a learning disability, including a clearer sense of the impact of stigma and discrimination. The results of this will be available later this year.

We continue to make progress with our direct contact delivery programmes in England, Wales and Northern Ireland. These programmes have been shaped with the well-established ‘contact theory’ in mind, which affirms that bringing together people with and without a learning disability reduces discrimination.

We are working towards producing robust evidence from programme evaluations to see what works in practice for individuals, communities and at a national level.

We are proud to have achieved greater visibility for people with a learning disability on broadcast and social media over the last year. Spokespeople with a learning disability made ten national TV appearances and there have been over 247,000 views of videos featuring people with a learning disability on our channels.”

### Donna Buxton

Head of impact, evaluation and research

### Casey Purkiss

Head of external communications

## Why is this important?

Negative attitudes towards people with a learning disability are an enduring issue impacting on multiple areas of life, from education and employment to socialising and relationships.

Reducing stigma and discrimination became one of Mencap’s strategic priorities after a UK-wide consultation process four years ago, which involved people with a learning disability telling us about their experiences of everyday life.

## 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

What we said we would do in 2018/19	Did we achieve this?
1. Continue to deliver the All In Award to 400 more children with and without a learning disability.	Y
2. Continue to challenge stigma through delivery of our Motivate project in Wales.	Y
3. Train an additional ten people to become Mencap spokespeople	N
4. Launch a nationally representative survey into the experiences of people with a learning disability of stigma and discrimination.	Y



“We have seen real progress in self-esteem and confidence, relationships formed, and children trying things they would never have had the chance to experience before.”

## 1. Delivered and tested the All In Award

This year, we have continued to build on the success of the All In Award, a school-based programme designed to develop positive attitudes in young people towards people with a learning disability. The programme brings together young people with and without a learning disability through inclusive peer groups which support teamwork, communication and skills development.

The All In Award reached more than 400 students in 15 schools across England last year, with sessions including outdoor activities at Go Ape (an outdoor adventure company), mindfulness and circus skills.

We also measured the wellbeing, confidence and attitude change in children with and without a learning disability over the course of the project. This involved speaking to schools to understand why inclusion is important to them. Furthermore, we linked the All In Award with the curriculum through personal, social, health and economic education (PSHE) to encourage long-term sustainability.

Early findings from the first set of small-scale evaluation results are promising. By the end of the project, 90% of children with a learning disability believed that children their age would be their friend.

*“We have seen real progress in self-esteem and confidence, relationships formed, and children trying things they would never have had the chance to experience before.”*

– Debs Holliday, teacher from Bishops Down Primary School in Kent who are delivering the All In Award for a second year.

Next year, we will publish a complete project evaluation of the All In Award.

## 2. Delivered the Motivate project in Wales

In Wales, we supported 91 people with a learning disability through our Motivate project. This project provides opportunities for increased direct contact between people with and without a learning disability through activities including volunteering, enabling participants to make positive contributions to their local community.



### 3. Training people with a learning disability to become media spokespeople

As we know from research conducted by University College London (UCL), direct contact is the best way to break down stigma and change attitudes towards people with a learning disability. Visibility in the media is another important strand of this work because of its power to reach a large audience.

Although media representation is a key demand of most human rights movements, visibility of people with a learning disability in mainstream media remains very low. We have continued our efforts to change this by training more people with a learning disability to appear in the media through our public and media relations. Our media statements on a range of topics have been positioned directly from volunteers and spokespeople with a learning disability, increasing visibility on social media and on national news outlets. In the last year, Mencap spokespeople with a learning disability have made appearances on

BBC Breakfast, Victoria Derbyshire, Radio 4's Today programme, and Channel 5's Do The Right Thing.

Whilst we increased the number of media spokespeople with a learning disability to five, we did not meet our objective to provide formal media training. This is because we have decided to review how we do this in order to make it more effective.

### 4. Launched the national Mencap survey of people with a learning disability

In January, we launched our national survey of people with a learning disability. This was themed around stigma and included questions on topics such as health, inclusion and relationships. The results of this will be available later this year. We will use the findings of the survey to inform our work and influence change in the areas that people with a learning disability tell us are important to them.



## All In Award

The All In Award is a school based programme for children aged 8-13. Equal numbers of students with and without a learning disability work together to achieve common goals and learn new skills.

“It was amazing to see how wonderfully the children from both schools had bonded.”  
Noted the headteacher

“I don’t feel as scared going to my new school now. I know I can make friends.” All students expressed their enjoyment of the activities but

also at the opportunity to meet new people and make friends. “I’ve learned that having disabilities may make you different but we can still work together as friends.”

There is no doubt that the All In Award has been an extremely valuable experience for both schools, summed up perfectly by one of the children that took part: “It’s been brilliant! It made me see that disability is not a problem. My new friends can do everything I can do but maybe sometimes just a little slower.”





## Social care\*

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

\*This priority area was previously called Making a difference, here and now

## A reflection on this priority area

“We continue to provide high quality support that helps people with a learning disability live the lives they choose. Underpinning this is our commitment to achieving 100% of our services being rated good or outstanding by 2021. To gain more insight, we have developed new satisfaction surveys for the people we support and their families, and we are well on our way to rolling out impact measures across our services.”

**John Cowman**  
Director of services

## Why is this important?

Every person with a learning disability should have the opportunity to live their life as they choose. Access to good quality social care can make this possible. Unfortunately, cuts to Local Authority budgets mean that 29% of disabled 18-64-year-olds who rely on council funding in England have had their care cut over the last year (according to a survey of almost 4,000 self-selecting people identified as having social care needs, carried out by the Care and Support Alliance).<sup>1</sup> Experts including the Care and Support Alliance say the cuts in levels of support are sometimes jeopardising people's health, safety and wellbeing.<sup>2</sup> Furthermore, at the end of March there were still at least 2,260 adults and children with a learning disability or autism locked away in inpatient units.<sup>3</sup> This is 437 more than the target set by the

government in 2015 to move between 35-50% of people with a learning disability and/or autism out of institutions and into community-based support by March 2019.<sup>4</sup> Direct services to improve people's lives are a huge part of what we do, and they make a real difference to people with a learning disability every day. Our vision is not limited to our own services. We want to make sure that everyone who receives support can live the life they want. We cannot influence other provision directly, but we will continue to build on our knowledge and understanding of these services to change things for the better. We apply our knowledge by influencing decision-makers to encourage informed outcome-focussed commissioning. In addition, our information and advice service works to ensure that public bodies act lawfully when commissioning services.

## 2020 goals

By 2020, we will have:

- understood better the difference that we can make in people's lives
- supported people with a learning disability to live the way they choose
- provided key information and advice so more people with a learning disability, and their carers, get the social care to which they have a right
- used data from our helpline and advice services to influence better decision-making.

1. Care and Support Alliance (CSA) (2018) Disabled people left without the care they need, in breach of the law. Press release: <http://careandsupportalliance.com/category/news/> NB: this is not specific to people with a learning disability

2. [www.careandsupportalliance.com/disabled-people-left-without-the-care-they-need-in-breach-of-the-law-2/](http://www.careandsupportalliance.com/disabled-people-left-without-the-care-they-need-in-breach-of-the-law-2/)

3. NHS Digital (2019) Learning Disability Services Monthly Statistics - Provisional Statistics. At March 2019. <https://files.digital.nhs.uk/4B/9EB138/ldsm-Mar-19-Main-Report.pdf>

4. NHS England (2015) Building the right support. Page 6, para 1.9. Transforming Care Programme targets were initially set in 2012 with a deadline for delivery of June 2014. When these targets were not met, a new deadline of March 2019 was established.

## What we have done this year

What we said we would do in 2018/19	Did we achieve this?
1. Continue to support thousands of people with a learning disability to have the best quality of life.	<b>Y</b>
2. Pilot a quality of life survey in our services, gathering the experiences of 200 people we support.	<b>N</b>
3. Undertake an audit of the use of psychotropic medication across our services.	<b>N</b>
4. Use our information and advice services, along with our legal support, to improve provision of social care.	<b>Y</b>

### 1. Support thousands of people with a learning disability to have the best quality of life

This year, we provided personal support to 5,236 people with a learning disability.

In 2018-2019, we developed our longer-term strategy for personal support which feeds directly into our organisational strategy.

Our strategy for personal support services has been built on the following ambitions:

- We want to be the highest quality provider of support to people with a learning disability.
- We will be an enabler that helps people with a learning disability access all aspects of the system they need to realise their dreams and aspirations.

This work puts the people we support at the very centre of what we do. We support and empower them to lead the lives they want – and help them to influence positive change in the way the social care system works.

Our partnership with Vodafone has enabled us to provide assistive technology to 90 people with a learning disability this year. The use of adaptable communication has helped people do things they would not normally be able to without assistance, allowing greater independence in everyday activities, improving confidence, self-esteem and resilience in a strengths-based approach to support.

Our regulatory performance ratings are determined by four regulators across England, Wales and Northern Ireland over a wide range of registered locations. As of 31 March 2019, we operated 137 registered locations, comprising 127 locations registered with the Care Quality Commission (CQC), four locations registered with the Regulation and Quality Improvement Authority (RQIA) (Northern Ireland) and six locations registered with Care Inspectorate Wales (CIW).

We have received the outcomes of 43 CQC inspections for 2018/19 and are pleased to report that one location has been rated as outstanding in four of the five outcome areas that are inspected. This brings the total number of locations rated outstanding across our regulated activity to four.

Overall, we have 119 services that are rated as good or outstanding by CQC. There were eight locations rated as requiring improvement, and we have plans in place to improve the support we provide for the 110 people who are

currently accessing these services. All our inspections in Northern Ireland and Wales had positive outcomes, meeting all the standards across our regulated activity in these locations. This means that 94% of our services are good or outstanding.

Through our relationship with Golden Lane Housing, we have secured tenancies for 65 people we support.

## 2. Piloted a quality of life survey in our services

We have made significant progress with an impact pilot to understand how our services affect quality of life. Building on this, we implemented the Personal Outcomes Scale (POS) across our services. Additionally, we trained our colleagues to conduct interviews that will gather the experiences of 162 people we support.

As part of our ambition to be the highest quality provider of support, we continued to embed positive behavioural support (PBS) into our practice. PBS is an evidence-based approach that helps us understand why people exhibit behaviour that may challenge and how they can be supported. We now have over 130 PBS coaches trained nationwide.

## 3. Undertook an audit of the use of psychotropic medication across our services

This work is still in progress, with an internal review set to take place in late 2019. As part of this area of work we have signed a pledge to support STOMP (stopping over medication of people with a learning disability, autism or both).

## 4. Used our services to improve provision of social care

### Developed our legal network

Accessing legal aid has become increasingly difficult for people with a learning disability and their families due to government cuts. This means fewer people are aware of their rights and how to enforce them.

Mencap's legal network helps people get the support they need. Our mission is to provide access to advice and early legal help so that people with a learning disability can enforce their right to adequate, appropriate care and support. 98% of cases we take on are successful or partially successful.

The legal network delivers three streams of work to empower, enforce and challenge:

- We empower by improving legal capability and providing legal education to care managers and information and advice officers.
- We enforce by providing early legal help to the beneficiaries of legal network partners.
- We challenge through data gathering, analysis, and the strategic use of that data to influence decision makers and leverage system change.

Accomplishments over the last year include:

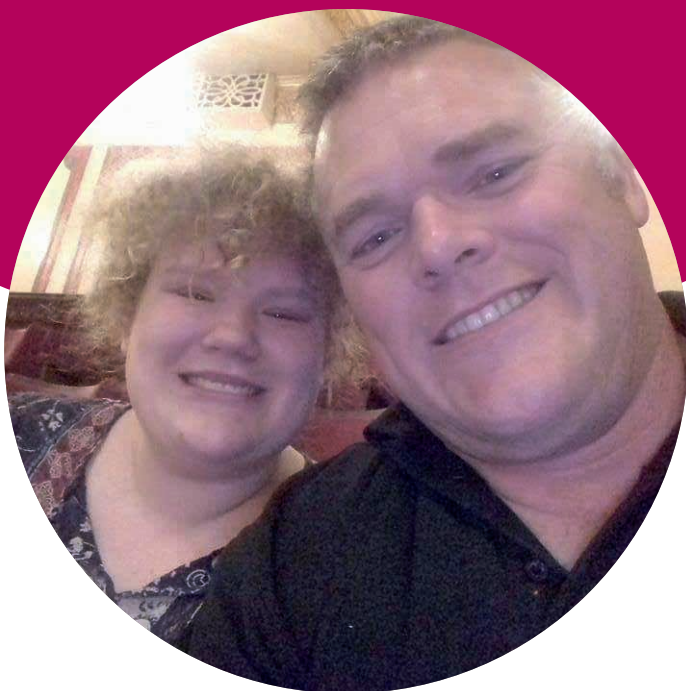
- training 673 care managers in the Care Act
- answering 259 one-off enquiries
- working on 71 cases.

Furthermore, we have started to spot and evidence trends of unlawful behaviour from our helpline and legal network data and we have started to use that data to successfully challenge unlawful public body behaviour.

### **Supported thousands of people through our helpline**

Mencap's Learning Disability Helpline continues to benefit thousands of people, offering advice and information on any learning disability issue. This year, we have taken 11,117 calls, provided 4,317 specialist pieces of information and advice, and provided 143 people with legal advice and legal casework. The main issues people raise in their calls to us are community care, money and welfare benefits.





## Mencap's legal network

Bethany, 17, has autism and extreme anxiety. She was locked in a seclusion room for nearly two years in a psychiatric unit in Northampton. Bethany's father, Jeremy, was devastated and outraged at the conditions his daughter was in – locked away in a 12ft square room with just a chair and mattress.

Jeremy was denied legal aid, but the Mencap legal team were able to help. With only 48 hours notice, they were able to pull together a team of barristers to support.

Jeremy said, "Mencap has supported me in visiting MPs like the Secretary of State for Health and Social Care, Matt Hancock. Meeting people like that means that I could talk about Beth's horrific situation, and Mencap could give the wider picture of what's going on for hundreds of other people in similar situations."



# Supporting friendships and relationships

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

## A reflection on this priority area

“There have been exciting developments in our sexuality and relationships work this year. Among them are the training of our personal support colleagues to engage more people with a learning disability in conversations about their sexuality.

We are pleased that relationship education will be taught in schools in England to everyone aged four and above from 2020.<sup>5</sup> We will continue working with the Department for Education (DfE) to influence the development of this part of the curriculum, ensuring it is accessible to people with a learning disability.

We also had more than 300 responses to the Department for Education consultation on guidance for statutory Relationships and Sex Education (RSE). And we completed the first year of delivering Me and My Body, our bespoke RSE course in Southend. This provides holistic support to people with a learning disability, their families and supporters. The demand for this project has exceeded our expectations.”

**Ali Pike**

Director of England

## Why is this important?

Friendships can help people feel happier, included and valued. People who do not have any or many friends may become lonely<sup>6</sup>, and this is linked to a number of health risks, such as depression, high blood pressure and lower life expectancy.<sup>7</sup>

Chronic social isolation and loneliness continue to be a debilitating part of everyday life for people with a learning disability. A survey of over 300 young people with a learning disability carried out by Mencap in 2016 found:<sup>8</sup>

- 49% would like to spend more time outside their house
- 45% do not think they spend enough time with friends
- 18% feel alone and cut off from other people.

## 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 relationships.

5. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/780768/Government\\_Response\\_to\\_RSE\\_Consultation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/780768/Government_Response_to_RSE_Consultation.pdf)

6. Holder, M. and Coleman, B. (2007) 'The contribution of social relationships to children's happiness,' *Journal of Happiness Studies*, 10: 329-349.

7. Windle, K., Francis, J. and Coomber, C. (2011) *Preventing Loneliness and Social Isolation: Interventions and Outcomes*, SCIE Research briefing 39. Available online: <http://www.scie.org.uk/publications/briefings/briefing39/>

8. Mencap (2016) 'Almost 1 in 3 young people with a learning disability spend less than an hour a day outside their homes.'

Press release. <https://www.mencap.org.uk/press-release/almost-1-3-young-people-learning-disability-spend-less-hour-day-outside-homes-survey>

## What we have done this year

What we said we would do in 2018/19	Did we achieve this?
1. Reach over 100 people with a learning disability through our sex and relationships project, Me and My Body.	Y
2. Deliver sex and relationships training to all our services and launch our organisational messaging on sexuality in February 2019.	N
3. Reach over 30 people with a learning disability through our Buddy pilots.	Y
4. Reach a total of 1,850 people through our projects that promote greater choice and control including Round The World Challenge and the Gateway Award.	Y

### 1. Delivered our sex and relationships project – Me and My Body

#### Supported people with a learning disability to understand their sexuality

Without the right support, people with a learning disability may struggle to make friends and experience personal or romantic relationships. This can make them vulnerable to abuse, whether financial, verbal, physical or sexual. In order to mitigate these risks and give people the opportunity to develop relationships, we want to make sure they have access to the right education and ongoing support.

This year, we have piloted Me and My Body, a sex and relationship education course, reaching 119 people with a learning disability, 28 parents and 54 professionals. This is a bespoke course delivered in Southend to improve knowledge and understanding of important topics such as relationships, private body parts and sexual health.

#### Evaluation

Our interim evaluation – based on 44

completed responses – showed all participants increased their knowledge about body parts, good and bad touch, and safe sex. There were also positive increases in the number of people who knew their right to have sex, increasing from 34 before the course to 43 afterwards.

After completing the course, 23 people said they now talk to someone about sex compared to 14 before the course. The number of people saying they don't speak to anyone about this dropped from 23 to 13.

### 2. Delivered sex and relationships training and launched our messaging on sexuality

#### Sexuality and relationships training

We delivered sexuality and relationships training to 440 members of staff across the majority of our services. In addition, we developed a toolkit to further support staff with this area of our work. As a result, staff are better equipped to support people to have positive, healthy, informed and safe relationships. An early evaluation of the training based on a survey completed by 41 people showed that 91% felt confident or very confident about the legislation and policy.

Since the training was introduced, 60% have supported people with regards to their sexuality and relationships. It has been challenging for more colleagues to access this training, so we will continue delivery next year to have 100% of people in our services trained, as well as our colleagues in the lifestyles and work team.

A survey we conducted about Relationships and Sexuality Education was completed by 309 of our colleagues, and this informed our response to the draft guidance on statutory RSE. With the guidance now released, we will be consulting with the Department for Education and working with the Sex Education Forum to advise on the next steps.

We have also reviewed our sex and relationships vision statement and policy so that it now applies to everyone with a learning disability and not just those with capacity to consent. This was important to us as we think sexuality is a human right that should be affirmed, defended and respected.

### 3. Supported people with a learning disability through our Buddy pilots

This year, our peer-to-peer support programmes – Best Buddies and Gig Buddies – reached over 70 people with a learning disability, across four locations (Cornwall, Long Eaton, Norwich and Bradford).

Gig Buddies was developed by grassroots charity Stay Up Late. It pairs people with and without a learning disability based on mutual interests, offering people a chance to go out in the evenings and try new things. It is an innovative model for volunteering and is targeted at a younger age group of people with a learning disability, predominately 18-35. This project also benefits the volunteers who participate, local arts organisations and venues within the community, as well as providing respite hours for parents and carers.

### 4. Continued supporting people with a learning disability through projects that promote greater choice and control

#### Round The World Challenge

Our Round The World Challenge programme supports people with a learning disability to get out, be included in their community and get active in a way that is flexible, fun and empowering.

You can take part in a variety of activities including Zumba, boccia, walking rugby and more traditional sports like football, cycling and tennis. Then you register the time spent on any type of exercise each week and this is then used to calculate the distance travelled around the world.

This year, with £1 million of multi-year funding from Sport England and additional matched funding, we grew the project by launching it in nine new areas. We will be supporting more than 1,000 people with a learning disability to complete the challenge over the next year.

We know that supporting people to develop their social circles and be more included in their community can have a positive impact on loneliness, health and wellbeing.<sup>9</sup> An evaluation we produced showed that one of the main motivational factors for people to take part was the opportunity to make friends.

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9. Round the World Challenge (RTWC) evaluation. Undertaken by SPEAR and commissioned by the English Federation of Disability Sport and the English Learning Disability Sport Alliance (Mencap and Special Olympics GB) June 2017.

## Friendships and relationships projects – outcomes overview

Project	Number reached	Outcomes
<b>Round The World Challenge</b> This is a fun, physical activity challenge that turns hours of sport and fitness-based activities into an around-the-world adventure.	703	<ul style="list-style-type: none"> <li>• Enjoyment of the social aspect, reporting that it improved their social skills, which can make relationships more rewarding and sustainable.</li> <li>• 40% of people identified as feeling confident at the start, and 79% by the end.</li> </ul>
<b>Gateway Award</b> This project encourages people to gain new skills and experiences, become more independent, make friends, and be active in the community.	640	<ul style="list-style-type: none"> <li>• Positive friendships and connections developed as a result of increased opportunities.</li> <li>• Decreased loneliness and social isolation.</li> <li>• Greater choice and control over how they spend their free time.</li> <li>• Greater personal wellbeing and quality of life.</li> </ul>
<b>Me Time</b> This project supports people during the day to be more included in their community and lead healthier and more active lives.	382	<ul style="list-style-type: none"> <li>• 96% of participants said it made them more confident to access their community and travel around.</li> <li>• 85% said they have better knowledge about their local community.</li> <li>• 77% said they felt healthier.</li> <li>• 96% said they had met new people. Spending time with friends was one of the things people enjoyed most, along with taking part in a range of activities in their community including drama, gardening, DJing and bowling.</li> </ul>
<b>Me and My Body</b> This is a course delivered in Southend to improve people's knowledge and understanding of important topics such as relationships, private body parts and sexual health.	119 people with a learning disability, 28 parents and 54 professionals	<ul style="list-style-type: none"> <li>• Increases in knowledge for all participants about body parts, good and bad touch, and safe sex.</li> <li>• Increases in the number of people who knew their rights to sexuality and sex.</li> <li>• Increases in people who felt they had the right to have sex.</li> </ul>

Project	Number reached	Outcomes
<b>Heroes and Transform (Northern Ireland)</b> These projects support young people to develop social skills and form friendships in inclusive youth groups.	Heroes: 38 Transform: 66	Heroes participants report: <ul style="list-style-type: none"> <li>• A 43% increase in friendships or relationships. Young people reported they were going to social activities and making friendships with other participants.</li> <li>• An increase of 71% in their confidence and self-esteem. Young people had the opportunity to gain new experiences, share their stories, be mentored and have a say in what they wanted to do.</li> </ul>
<b>Gig Buddies and Best Buddies</b> These projects match people with a learning disability with a volunteer who shares similar interests to engage in new activities together.	Best Buddies: 37 Gig Buddies: 33	An evaluation will be available in summer 2019.
<b>Beacon</b> This project supports local organisations to be more user-led, sustainable and innovative, which increases the activities and opportunities offered to people with a learning disability.	52	<ul style="list-style-type: none"> <li>• Staff and volunteers from both Bexley Mencap and Skyzddalimit have reported that having the dedicated time, support and resource to reflect on their needs has had a positive impact on their organisations and members so far.</li> </ul>
<b>Play Our Way (Wales)</b> This project brings together people with and without a learning disability. It supports young people to interact with their community without parental support to improve social inclusion and tackle loneliness.	8	<ul style="list-style-type: none"> <li>• A positive impact on people's ability to interact with their community without parental support.</li> <li>• Feeling less lonely, with bigger friendship groups.</li> </ul>



## Me and my body

“When I was at school, we did have some sex education but I was very young and I can’t remember much. I would have liked a more detailed course because I think it would have helped me be more confident to be in a relationship.”

“The Me and My Body course has helped my education and I have enjoyed learning new things and how to respect myself. It has helped me to feel more confident in my relationship with my boyfriend. I feel more confident to say no and I not be forced into something I don’t want to do. The sessions on STIs and being healthy have helped me with my personal hygiene and taught me how to look for signs on my body and if something is wrong.”

Linda





# 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.

## A reflection on this priority area

“This has been a tremendous year for Mencap’s health work, achieved by people coming together from across the Mencap family and beyond. By combining local activism with national campaigning and influencing, we have seen outstanding progress towards achieving our vision for health and transforming the way the NHS treats people with a learning disability in hospital.

Tackling quality of care and outcomes for people with a learning disability is now one of the NHS’s priorities in its new Long Term Plan, and the government has made a commitment that all relevant health and care professionals will receive training in this. As well as mobilising and supporting campaigners across the country, we have trained over 1,000 NHS doctors and nurses in meeting the health needs of people with a learning disability. And we are continuing to build important relationships with NHS organisations who can make a real difference in tackling the healthcare inequalities they face.”

### Dan Scorer

Head of policy and public affairs

### Sarah Gilbert

Head of campaigns and activism

people with a learning disability are dying avoidably each year due to a lack of good quality and timely healthcare.<sup>10</sup> Furthermore, people with a learning disability still have a life expectancy that is 29.3 years lower than the general population for women, and 22.8 years lower for men.<sup>11</sup>

In 2018, we launched our *Treat me well* campaign, which aims to transform how the NHS treats people with a learning disability in hospital. The campaign is calling on healthcare professionals to make reasonable adjustments – better communication, more time and clearer information. For this to happen, we believe that no medical professional should enter a hospital ward without having had high quality training in meeting the needs of people with a learning disability. To understand how this can best be achieved, we have piloted our own learning disability training to over 1,000 NHS nurses and doctors and evaluated its impact.

## 2020 goals

By 2020, we will have:

- improved the understanding and skills of healthcare professionals in working with people with a learning disability
- supported healthcare 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.

## Why is this important?

Since our Death by indifference campaign 12 years ago, we have seen evidence of the NHS being more aware of the health inequalities faced by people with a learning disability – and they have been taking action. However, we still have a long way to go: an estimated 1,200

10. Whilst this figure is from 2013, it's based on the latest best practice estimates available from Glover, G. and Emerson, E. (2013) 'Estimating how many deaths of people with learning disabilities in England could be prevented by better medical care', *Tizard Learning Disability Review*, 18(3): pp.146-149

11. The Learning Disabilities Mortality Review Annual Report 2017 (May 2018) <https://www.hqip.org.uk/resource/the-learning-disabilities-mortality-review-annual-report-2017/#.XKecERbTWEE>

## What we have done this year

What we said we would do in 2018/19	Did we achieve this?
1. Target 25 NHS Trust areas, challenging them to improve their provision of reasonable adjustments.	Y
2. Reach 750 people through our Know Your Rights sessions and campaigns workshops.	Y
3. Work with ten campaign groups across England to support them in developing and delivering healthcare training.	N

### 1. Challenged NHS Trusts to improve their reasonable adjustments

Every year, an estimated 1,200 people with a learning disability die avoidably because they do not get access to high quality healthcare at the right time.<sup>10</sup> In February 2018, we launched our *Treat me well* campaign to transform how the NHS treats people with a learning disability. Since then, we have been building on this work and have seen positive results across the UK.

We have trained new *Treat me well* campaign groups at 25 NHS Trust areas across England and Northern Ireland, led by people with a learning disability. Campaign groups bring together people with a learning disability, their supporters and NHS staff to make positive changes in a hospital. Each group is different and tackles the hospital issues they feel most important in their local area. They are all part of the national *Treat me well* campaign and by coming together at key moments they help to make a bigger impact.

#### Key highlights of the campaign

- Over 2,200 healthcare professionals have signed up to become *Treat me well* champions and support the campaign in their hospitals.
- More than 5,100 campaigners signed up to support the campaign.

- Nearly 200 events in hospitals and other places took place during Learning Disability Week 2018.
- More than 50,000 people signed a petition by Paula McGowan, whose son died in hospital in 2016, calling on the government to introduce mandatory training for health professionals on learning disability and autism.
- 750 campaigners took our campaign action calling for change from the CEO of their local hospital.
- Over 70 senior Trust staff are now supporting *Treat me well*, including CEOs, chief nurses, chairs and directors.
- 86 campaign launch parties took place across the country.

Further highlights include the Croydon *Treat me well* group working with their local hospital trust to provide learning disability awareness training to hospital staff. In Sheffield, a group was consulted on the new hospital passport and made recommendations on it which were accepted, and the new passport is live.

### 2. Delivered Know Your Rights sessions and campaign workshops

Since the launch of the *Treat me well* campaign, we have delivered Know Your Rights workshops to 573 people and campaign workshops to 424 people. These are an essential part of the campaign, as they support and empower people with a learning disability to understand their rights to quality healthcare and reasonable adjustments in hospital. Many people who take part in a Know Your Rights workshop go on to join a campaign workshop. This means they can make a difference to their own healthcare as well as collaborate with people in their area to improve hospital care for more people with a learning disability. These are an essential part of the campaign, as they support and

empower people with a learning disability to understand their rights to quality healthcare and reasonable adjustments in hospital.

We celebrated the power of local activism in our first ever Activism Week during October 2018. Highlights included *Treat me well* campaigners taking a collective action to tell their hospital CEO about the campaign, Mencap showcasing a photo gallery of *Treat me well* campaigners with a learning disability, and our first ever activism awards which celebrated the fantastic work of activists' learning disability health campaigning. The winners spoke at two events: a *Treat me well* seminar in London during Activism Week, and the All Party Parliamentary Group on Learning Disability meeting in Westminster, both alongside the Health Minister Caroline Dinenage, in February.

### 3. Worked with campaign groups to support the development and delivery of healthcare training

Since 2016, we have developed and delivered training in England for healthcare professionals based on the Learning Disability Core Skills Framework.

Our training has included sessions on the Mental Capacity Act and the delivery of facilitator-style workshops. These enable attendees to champion best practice at their hospital trusts. We have now concluded delivery and taken our total of healthcare professionals trained to over 1,000.

In September 2018, the government, in its response to the Learning Disability Mortality Review's (LeDeR) recommendation for mandatory learning disability training for all healthcare professionals, agreed to publish a consultation on this issue. This meant we deferred our objective to work with *Treat me well* campaign groups to deliver training and instead took a different approach.

We worked with the government as they developed the consultation. This involved our *Treat me well* steering group, made up of 11 people with a learning disability, meeting with the Department of Health and Social Care to help shape the consultation, which ran from February to April 2019. We worked with people with a learning disability and health professionals to respond to the proposals and address the important questions on future training that the government set out.

In Wales, we have continued to build on the 2014 Learning Disability Care Pathway (LDCP). This has included informing support workers and carers about care pathways and expectations when someone with a learning disability enters an acute hospital setting. To support the LDCP, we have:

- embedded training into our core induction for all support colleagues in Wales
- funded a Care Pathways video made by the All Wales Forum of Parents & Carers – and promoted this to parents and carers through their networks in Wales
- delivered training to managers in three of Wales' largest support providers, who have over 3,000 staff members combined
- partnered with the Paul Ridd Foundation to deliver a conference for over 100 hospital champions across Wales. This was attended by the Welsh Health Secretary, who made commitments to improve reasonable adjustments for people with a learning disability in hospital
- developed a report card that allows us to understand where the interventions are not being implemented, enabling us to hold hospitals and health boards to account by reporting what people are telling us.



## Treat me well

“I joined the *Treat me well* campaign because I want to help other people. I want people with learning disabilities to be treated well in hospital. What I enjoyed the most about *Treat me well* was co-facilitating with Michael (facilitating Know Your Rights and campaign workshops in Sussex). I really liked organising the hand-out sheets, being involved with discussing important topics, and speaking publicly. This is also because I really like to help other people! I really enjoyed every minute of it. I hope I can co-facilitate again!”  
Shelley





## 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 children independently.

## Reflections on this priority area

“This is still a relatively new priority area that is building on the experience of our Children’s Centre and family support work in Northern Ireland. At its heart is a range of programmes we are developing that we hope will help children with a learning disability and their families take vital steps early on.

This year, we have continued to test and grow our programmes, as well as seek funding to test them further in England and Wales. We also completed the delivery of our feasibility study on Early Positive Approaches to Support (EPAtS) with our partners CEDAR at Warwick University and the Tizard Centre at the University of Kent. We hope to share the results from this at the end of the calendar year (2019).

We are committed to working locally to test and build programmes of work with parents and others.”

**Margaret Kelly**  
Director of Northern Ireland

## Why is this important?

Children with a learning disability and significant developmental delay have some of the poorest educational, physical and mental health outcomes of any group of children across the UK. They are more likely to develop physical and mental health difficulties and not fulfil their potential at school,<sup>12 13</sup> and they are disproportionately represented among children in care<sup>14</sup>. Of school age children in care, 28% have a learning disability.<sup>15</sup>

The importance of early intervention is well established for all children. This is equally true for children who have a learning disability, but support is rarely available. Families and children often remain invisible in early intervention work.

## 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 have we done this year

What we said we would do in 2018/19	Did we achieve this?
1. Support 52 children in our Children’s Centre in Northern Ireland and continue to scope options for delivery in England.	Y
2. Roll out EPAtS (Early Positive Approaches to Support) at four new sites and extend our family support offer in Northern Ireland (funding dependent).	Y
3. Establish two local hubs for early intervention in England to raise the profile of early intervention support (funding dependent).	N
4. Implement our influencing plans in England and Northern Ireland.	Y

### 1. Supported children

This year, we supported a total of 243 children with a learning disability.

This includes our Early Years programme for children with a learning disability aged 2 to 3 years, children aged 4 to 7 who attended our

12. Emerson, E. and Bringham, P. (2015) ‘Exposure of children with developmental delay to social determinants of poor health: cross-sectional case record review study’, *Child: care, health and development*, 41,2: 249-257.

13. Department for Education (2014) *Children with Special Educational Needs: an analysis* <https://www.gov.uk/government/statistics/children-with-special-educational-needs-an-analysis-2014>

14. Kelly, B., Dowling, S. and Winter, K. (2012) *Disabled Children and Young People who are Looked After. A Literature Review*. OFMDM & QUB.

15. Public Health England (2016) *People with Learning Disabilities in England 2015: Data Tables*. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/613183/PWLDIE\\_2015\\_data\\_tables\\_NB090517.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/613183/PWLDIE_2015_data_tables_NB090517.pdf)

summer scheme, children who attended stay and play sessions and family days, and children whose families accessed a range of workshops and courses.

The Children's Centre in partnership with the Belfast Health and Social Care Trust (BHSC), supports young children with their earliest developmental milestones.

We are using the Highscope Child Observation Record assessment tool to measure the effectiveness of our support. A data report from September 2018, showed that all the children (100%) improved or stayed the same in at least one measure in any development area and:

- 97% improved in four or more of the eight development areas
- 84% improved in at least seven of the eight development areas
- 71% improved in all eight development areas.

### Supported families

This year in Northern Ireland we have supported 200 families and 271 parents/ carers. We have continued to develop and deliver a needs-led programme to families who have children attending the Children's Centre, as well as families from the local community. This work has included building parents' knowledge and skills in the following ways:

- We delivered 11 information sessions to 100 people\* on navigating the complex Special Educational Needs (SEN) system, the statementing process and the benefits system.

- We ran two workshops with families to demystify the role of a disability social worker, in partnership with the Belfast Trust.
- We delivered 13 skills-based workshops to 101 people\* including play and sensory workshops, Makaton sessions and paediatric first aid.
- We ran three family days that were attended by over 85 family members. These events offer a fun and accessible day out with inclusive play activities and opportunities to meet other families.
- As part of our work to address the needs of families with very young children aged 0 to 3, we set up Stay and Play sessions. These sessions occur twice a month and are for families who are isolated, with limited or no support in their local community. To date, we have welcomed 23 families and children with a learning disability, and six siblings.

## 2. Increased our Early Positive Approaches to Support (EPAtS) provision

This year, our EPAtS programme reached 35 families in Northern Ireland (Belfast, Derry) and 47 in England (Barnet, Leeds, Newham). The programme is for caregivers of children with a learning disability or developmental delay, aged 0-5 years, and was developed at the University of Kent. Its main aim is to meet the needs of families at an early stage, prior to or just after the development of early behaviour difficulties.

A small-scale evaluation of EPAtS involving 24 people, showed it is making a real difference,

\* non-unique, meaning the same person could have attended more than once

with group retention rates at 93%. There was a significant improvement in efficacy scores – which measure parents’ competence, capability levels, and problem-solving abilities in their parental role – from post-intervention to follow-up.

Parents who participated in the programme reported an improvement in their children’s behaviours overall and a reduction in challenging behaviour.

### 3. Establishing two local hubs for early intervention in England

We have continued the development of our early intervention priority in England. This will apply our framework approach established through our Mencap Children’s Centre:

1. Supporting the child to improve their developmental progress.
2. Supporting the family to give them the skills they need.
3. Influencing the system to bring about change for more children.

Our early intervention framework enables us to make country specific changes, and as we have no direct work with children in England, our support is being developed by partnering with existing early years services.

This approach enables us to develop and test interventions that directly support families, increase access to services and improve the system.

This work is dependent on securing additional funding and while we did not secure the required funding last year, we are delighted that we have secured funding to develop at least one location for this work going forward.

### 4. Implemented our influencing plans

We are engaged in research with Warwick University that aims to identify the barriers to accessing mainstream early interventions for children with a learning disability and/or autism and their families. We are gathering the experiences of families and early results will be available in late 2020.

Mencap is the administrative arm of the Disabled Children’s Partnership – a coalition of more than 45 charities, campaigning for improved health and social care for disabled children, young people and their families in England. In the past year, they have taken major steps to increase the government’s focus on disabled children and early intervention, including robust research to identify the gap in funding for disabled children’s health and social care.

We have undertaken a major piece of primary and secondary research to understand the current provision of early help and support available to children with a learning disability and their families. This has culminated in a comprehensive influencing strategy that involves engagement at both a national level and in selected local areas. Through this we will help promote good practice in early years for use by a wide range of professionals.



## Early Positive Approaches to Support (EPAtS)

“I found the training that we did on challenging behaviour very interesting, particularly on self-harming behaviours. Sometimes children will self-harm to modulate their own pain and although its disturbing and heart breaking to see a child do it, following the EPAtS training it now makes perfect sense why they do.”

“If you’re in control of your own pain, you’re not as aware of other pains going on that you can’t control. I have an autistic older brother who used to self-harm by scratching and biting himself so that session was particularly relevant to me. It gave me more of an insight, definitely.”

Belinda





# Employment

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.

## A reflection on this priority area

“This year, we have focused on developing our education and training programmes – supported internships, apprenticeships and traineeships (the Three Ships) – to support more people with a learning disability to develop the qualifications, skills and experience needed to get a job. We have undertaken evaluations and hosted cross-sector conversations with stakeholders, including the Department for Education, to share insight and recommendations about how these programmes could be strengthened to support a wider population of people with a learning disability. These new programmes have enabled us to develop our employer engagement strategy, which has led to national partnerships with new employers. We are excited about the potential for this new way of working.

In addition, we have continued to deliver a range of supported employment provisions through the Employ Me service, helping people with a learning disability to develop the confidence and skills needed to access the workplace and secure jobs.”

**Ali Pike**

Director of England

People with a learning disability are far less likely to have a job than the general population. Just 6% of adults with a learning disability known to their local authority in England are in paid work.<sup>16</sup>

The many barriers faced by people with a learning disability to access employment include a lack of:

- good quality support to get and maintain employment
- support to build confidence and skills
- understanding from employers and education professionals about what people with a learning disability can do with the right support.<sup>17</sup>

With our range of employment support and training programmes, we are helping people with a learning disability to overcome these challenges.

## What we have done this year

What we said we would do in 2018/19	Did we achieve this?
Continue to understand the impact of our employment support.	<b>Y</b>

This year, we have supported 1,796\* people with a learning disability through our Employ Me service, with 183 securing paid jobs. With our support, people are learning new skills, building their confidence and achieving greater independence.

We help people with a learning disability every step of the way in their employment journey, from developing their aspirations to finding the right job and thriving in the workplace.

16. NHS Digital (2018) Measures from the Adult Social Care Outcomes Framework, England 2017-18. <https://digital.nhs.uk/data-and-information/publications/clinical-indicators/adult-social-care-outcomes-framework-ascof/current>

17. Beyer and Beyer (2017) A systematic review of the literature on the benefits for employers of employing people with learning disabilities. <https://www.mencap.org.uk/sites/default/files/2017-06/2017.061%20Benefits%20of%20employing%20PWLD%255b1%255d%20%281%29.pdf>

\*These figures do not include those supported through our Me Time services, which we have moved to align with the supporting friendships and relationships area of our work this year – see page 28 to learn more.

We gained the following feedback from a sample of 257 people we supported:

- 100% believe it would be good to have a job.
- 68% have developed a plan about how to move closer to getting a job.
- 49% are improving their skills so they can be job-ready.
- 19% are actively looking for jobs.
- 11% gained employment.

### **Developed our delivery of the Three Ships: supported internships, apprenticeships and traineeships**

We have made great strides in developing our Three Ships model. This year, we supported over 190 people on these programmes:

- 94 people have started the supported internship programme. This is a 12-month programme that offers an alternative route into work for 16 to 25-year-olds with an Education, Health and Care plan (EHC) by offering unpaid work placements rather than college courses.
- 16 people are doing apprenticeships (one person has fully completed the programme). These are available for all ages and offer paid placements with on and off-site training.
- 81 people have started a traineeship and 35 have completed to date. These are unpaid work placements for 16 to 24-year-olds lasting between six weeks and six months with the likelihood of a job or apprenticeship at the end.

This support is helping people take steps towards employment and other opportunities. 24 of our supported interns have moved into paid jobs, four progressed onto traineeships of further learning and two are in voluntary roles. Furthermore, 12 of our trainees have moved into paid jobs, three into apprenticeships and one into further education. The Education and Skills Funding Agency (ESFA) fund these programmes.

We also supported young people with a learning disability in school to access work experience placements through our Right Place programme. Working with 310 employers, we secured 601 placements and 320 have been filled to date. Through this programme, we work with schools, colleges, and employers to create placement opportunities, helping young people gain invaluable experience and raise their aspirations.

### **Employment in Northern Ireland**

Mencap's employment services in Northern Ireland have supported 345 people with a learning disability through our EmployAbility2 European Social Fund project. Of this group, 20 people progressed into paid employment, 38 moved into further education or training, and 11 into long-term voluntary work. Our teams have also supported 71 people to retain paid employment this year, ten of whom have progressed into unsupported employment.



## Mencap's traineeship programme


Aisha, 24, loves dancing and has a level 1 qualification in performing arts. So a work experience placement at the world-famous Young Vic Theatre, secured through Mencap's Traineeship Programme, was like a dream come true!

"I was really happy but very nervous," says Aisha. She overcame her nerves with the help of a work-place buddy who helped in lots of ways, such as practicing giving change in between shows. "My buddy really helped me by role-playing customer scenarios with me," she says.

Whilst on her placement, Aisha applied for a paid usher position at the theatre and was invited to an interview. To prepare for this, she practiced her interview techniques with an employment coordinator at Mencap and we're pleased to share, she got the job! Aisha was ecstatic about this news. "I am so proud of myself – go on Aisha! I really like working at the Young Vic, they feel like family. It felt so good to get a paid job."

Aisha

# Our plans for next year

Priority area	Plans for 2019/20
 <p>Reducing stigma and discrimination</p>	<ol style="list-style-type: none"> <li>1. Use the high-profile platform of the Virgin Money London Marathon partnership to increase public awareness of learning disability and Mencap.</li> <li>2. Deliver our All Move programme in 30 schools to students with and without a learning disability.</li> <li>3. In conjunction with our network partners, deliver 40 events during Learning Disability Week enabling people with and without a learning disability to take part in a sporting event in their local community.</li> </ol>
 <p>Social care</p>	<ol style="list-style-type: none"> <li>1. Continue to support thousands of people with a learning disability to have the best quality of life, including working towards our ambition of achieving 'good' or 'outstanding' CQC ratings for 100% of our services, and continued negotiations with Local Authorities to recover statutory pay and sleep-in uplifts.</li> <li>2. Deliver more information, advice and early legal help to people with learning disabilities, their families and supporters.</li> <li>3. Scope and trial a cross sector system for the sharing of data on unlawful public body decision making.</li> <li>4. Raise the profile of working age social care in the media by increasing national, regional and local coverage.</li> </ol>
 <p>Supporting friendships and relationships</p>	<ol style="list-style-type: none"> <li>1. 115 people with learning disabilities to complete Me and My Body. In addition, 60 professionals, parents and carers to be trained by March 2020.</li> <li>2. Support over 2,500 people with learning disabilities to increase opportunities to build and sustain friendships and relationships through our projects.</li> <li>3. Support 54 people with learning disabilities to be more included in their community through peer to peer support programmes.</li> </ol>

Priority area	Plans for 2019/20
 <p>Improving health</p>	<ol style="list-style-type: none"> <li>1. Support <i>Treat me well</i> groups to campaign for reasonable adjustments in their local hospital trust. Develop an organising approach which enables groups to grow their reach and impact locally.</li> <li>2. 50% of people attending Know Your Rights workshops go on to be part of their local campaign group.</li> <li>3. Influence mandatory health training so that the <i>Treat me well</i> standards are built in by the end of 2019 and can be sustained.</li> <li>4. Organise a second conference for Hospital Champions in Wales in partnership with the Paul Ridd Foundation.</li> </ol>
 <p>Early intervention</p>	<ol style="list-style-type: none"> <li>1. Support 100 families across Northern Ireland through our family support work.</li> <li>2. Develop the early intervention approach and framework, working with stakeholders in Newham, England.</li> <li>3. With our partners, the Tizard Centre at University of Kent and CEDAR at Warwick University, report on the feasibility study for EPAtS.</li> </ol>
 <p>Employment</p>	<ol style="list-style-type: none"> <li>1. Continue to provide supported employment for people with a learning disability through a range of programmes.</li> <li>2. Review the effectiveness of our programmes and delivery models in delivering a range of outcomes for people with a learning disability.</li> <li>3. Use our findings to influence government on supported employment models to ensure they are accessible and beneficial for people with a learning disability.</li> </ol>

# 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 achieve our goals. To do that, we need to be an organisation that is safe, well-run and lives our values, so we are well-placed to succeed.

## **Growing a stronger network and developing our collaborative capability**

Our network has 311 member organisations (network partners), reaching approximately 31,000 people with a learning disability, plus 9,000 volunteers and staff. This year, we have continued to develop new ways of working with our partners, including the development of an engagement calendar. This will help network partners work with us in a more collaborative and consistent way.

Over 100 network partners are taking advantage of opportunities to collaborate, which include:

- working with us to deliver relationships and sexuality events
- taking part in one-to-one workshops with our internal teams
- working with us to deliver local campaigns including *Treat me well*
- working with us across consortiums and networks to inform and shape joint work.

This work helps us grow the capability of our partners and maximise the impact of our work together.

We have worked with our network partners to develop nine new local hubs for the Round The World Challenge. These cross-team participation hubs have led to more people with a learning disability taking part and enabled us to develop pathways from the project into employment.

## **Income generation and fundraising activities**

As has been the case for many charities, the last 12 months were challenging for fundraising at Mencap, with overall gross income down £2.1m from the previous year. This is largely due to a fall in legacy income of £1.8m and shortfalls in some non-legacy activities.

Despite these challenges, we continue to receive generous donations from people in local communities near and far, helping us to deliver many of our services for people with a learning disability and their loved ones.

Our celebrity ambassador Kit Harrington starred in a video, inviting people across the world to enter a raffle to join him for tea at his private members' club in London. This activity formed part of our individual giving activity, the contribution from which has grown 88% year-on-year after expenses as a result of our focus on our current supporters and a reduction in acquisition activities.

Our House to Home appeal in conjunction with Golden Lane Housing has raised £0.4m to date, helping to fund adaptations in properties that enable people with a learning disability to live independently and be more included in their community.

We are helping to define new and innovative approaches to independent living through our partnership with Vodafone. Our combined expertise is finding novel ways of bringing technology and connectivity into the homes of people that we support. Now deployed in 30 homes, everyday technologies such as voice activated smart speakers and sensors are being integrated with more specialised equipment, allowing the people that we support to control their home environment in a way that is tailored to their needs. The Vodafone relationship contributed to a 42% year-on-year growth in gross corporate partnerships income, which is expected to grow further in 2019/2020 as a result of new partnerships acquired in the past 12 months.

Philanthropy is a consistently performing income stream for Mencap, with the target of £1.2m achieved for a second consecutive year. Trusts, foundations and national statutory funders continue to support our work, including Sport England, whose £1m funding for our Round The World Challenge programme over the next three years will help more people with a learning disability engage in physical activities and develop friendships.

We are hugely grateful to the Ronson family, who chose Mencap as their charity partner for their Pennies scheme. Shoppers in their Rontec

petrol stations generously rounded up their bills to donate to Mencap.

Nearly 4,000 people participated in sporting events across the country raising money for Mencap last year. This is a hugely competitive market and, alongside our recently formed community fundraising team, performed behind expectations in 2018/19. Community fundraising and events is a mid-term investment for Mencap, and we are expecting to see a positive return on that investment from 2019/20.

This income stream will be bolstered by the income from the 2020 Virgin Money London Marathon, for which Mencap has secured the accolade of becoming the official charity partner. Not only will this be a unique platform to raise awareness about learning disability and increase visibility of Mencap but with over £1.5m forecast, we are funding a new project, All Move. This project will increase positive attitudes and behaviours of children with and without a learning disability aged 11-16.

We also reached over 4,000 parents who want to ensure their children with a learning disability are supported through our wills and trusts service. We are incredibly grateful to everyone who left a gift in their will to Mencap. Legacy income is still our largest source of voluntary income, generating £6.2m this year. This amount is significantly lower than recent years, reflecting a challenging environment for many charities in this vital area of income generation.

Every month, thousands of people up and

down the country continue to donate their hard-earned money to Mencap. As a fundraising organisation, we are mindful of the need maintain the highest standards when undertaking our activities, and insist on the same from those raising funds on our behalf.

Our approach to fundraising consists of:

- direct marketing appeals to individuals who have already expressed an interest in Mencap;
- running charitable events for which participants raise money;
- encouraging people to participate in other events to raise funds on our behalf;
- community fundraising; and
- soliciting donations from corporate partners, charitable trusts and large individual donors.

We also encourage people to remember us in their will with a gift or legacy.

We use professional fundraisers occasionally as part of direct appeals, but not for unsolicited approaches or 'cold calling'. Other commercial participators are only involved as partner organisations fundraising from amongst their own staff, or encouraging their staff to fundraise on our behalf on a personal level.

We have undertaken to comply with the latest fundraising guidelines from the Fundraising Regulator and the Charity Commission, and this includes the Code of Fundraising Practice for the UK. Where people or organisations raise funds on our behalf, we require that they also comply with these standards. For individuals, this is through our fundraising guidelines, and for professional fundraisers it is included as a contract term. The trustees are of the view that during the year to 31 March

2019 we have been compliant with these standards, and we are not aware of any instances where those acting on our behalf have failed to comply.

Mencap's events and communities team provides those people raising funds on our behalf with a guide that sets out what we expect from them. The team maintains regular contact to provide them with support and monitor their activities and progress. Where we use professional fundraisers, calls are monitored directly to ensure our instructions and requirements are being followed, and regular feedback is provided. We also have a supporter care team which can be contacted by telephone or e-mail with any issues in relation to our fundraising activities. In the year to 31 March 2019, we received 6 complaints through this team or other channels. All complaints are logged and addressed appropriately, such as through internal training.

In order to protect vulnerable people and other members of the public, Mencap has an ethical fundraising policy in place; and a fundraising promise displayed on our website. We are careful to protect the private data of supporters, and give them clear options to stop being contacted by us. As part of our compliance with the Code of Fundraising Practice, we ensure our approach to fundraising is not unreasonably intrusive or persistent, and does not aim to solicit donations by pressuring potential supporters.

We take these steps to make sure that people have a choice about whether to donate to Mencap. These wonderful people, and all our supporters, are heroes. From everyone at Mencap, thank you for your ongoing generosity.

## Improving the way we work

Mencap is committed to being the best possible place to work. Our colleagues deliver incredible support and campaign for people with a learning disability, and we want to support them in every way we can. We work together across our internal enabling functions, including HR, finance, quality and IT, to collaborate and make targeted improvements in the day-to-day working lives of our colleagues.

We are guided in prioritising these improvements by listening to the issues that matter to our colleagues. As part of last year's work, we introduced an annual engagement survey for the whole organisation (The Big Listen) to complement our other feedback and insight mechanisms.

Last year, based on what our people told us would be most impactful, we focused on three key areas:

- Improving our systems and wider information management – to better connect colleagues and make more of the wealth of data we have across the organisation.
- Improving our employer brand and reward – making sure the experience of working at Mencap matched expectations of colleagues joining us and working hard to pay and reward our people as well as we can.
- Improving our leadership support – developing the right tools, support, listening and monitoring to ensure that all our people experience consistently great leadership from our managers.

We have made significant progress on these areas, and for the first time in Mencap's history, all our colleagues are now connected to our new and improved digital workplace.

We have made significant back-end improvements in processes, systems, self-service, e-Learning and development of new tools to make working life easier, so people have time to do the jobs that really matter. There is more to do, and we will be continuing this as a priority for this year, but we are making good progress.

Over the last year, we have embedded our employer brand across our organisation, made improvements in our family-friendly policies, improved our wider benefits offer and, through a rigorous cost improvement plan, been able to apply a 3% pay-rise for all our colleagues. We know in our sector that pay remains a big issue for colleagues, and we are continuing to strive for further improvements with a clear and agreed reward strategy across the year ahead.

We have made changes to our onboarding, training and support for leaders, making sure that all our managers understand and can model Mencap's agreed leadership way. We have introduced new ways of connecting and listening, introduced greater accountability monitoring across our leaders and provided opportunities for greater visibility. We know that the support we give our leaders makes a real difference to our colleagues, and therefore to the quality of support we can provide to people with a learning disability. We will keep supporting and challenging our leaders to be the best they can.

For the year ahead, we will continue to be guided by the issues that our colleagues tell us matter most and will develop local and central action plans as a result of our survey results. We know that pay and ways of working will remain priorities, and we are already committed to significant programmes of activity in these areas. We will refine and develop these as the year progresses.

# A big thank you to our supporters

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.

A One Tyres  
Acopia  
Airbourne Aviation  
All Saint's Church  
Jessica-Jane Applegate  
The ARN Foundation  
Pat Ascroft  
Baabzi Indian Takeaway  
The Bachofner Family  
Laura Banks at Anthony Collins Solicitors LLP  
BBC Children In Need  
BBC Children In Need - Play Our Way  
Belvoir Park Golf Club  
Big Lottery Fund Northern Ireland  
Biosynergy  
Boost Drinks  
Joshua Boughton at Blake Morgan LLP  
Geoff Brady  
Michael Brandon  
Bright Start  
Bill Bryson  
Budget Insurance Services  
Richenda Carey  
Carigluz Property Investment  
Cash For Kids NI  
Cathedral Financial Services  
Mr and Mrs Chillag  
City Bridge Trust  
City of Bradford Metropolitan District Council  
Coffee#1  
Michelle Collins at Cozens Hardy LLP  
Co-op Foundation  
The Concrete Society

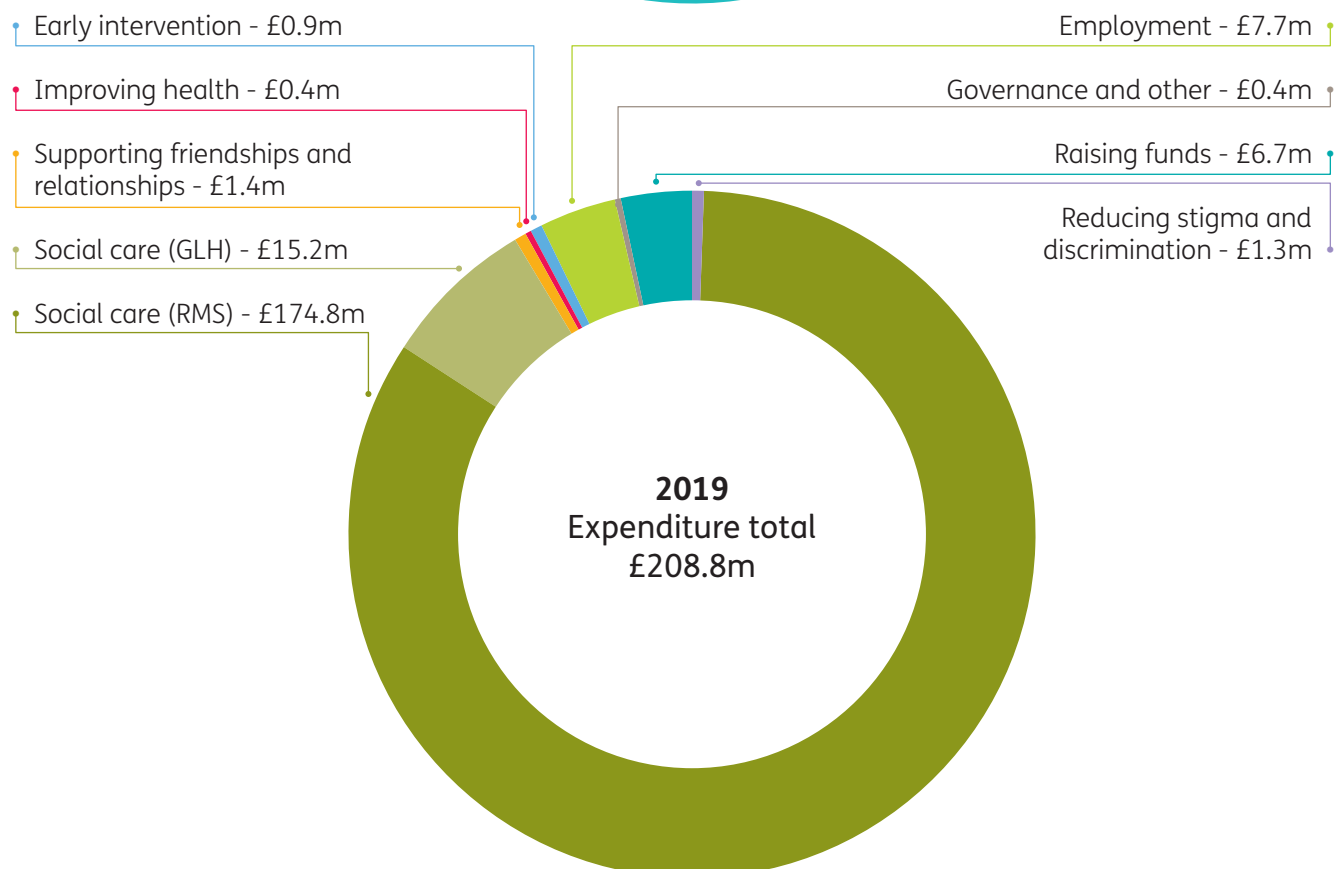
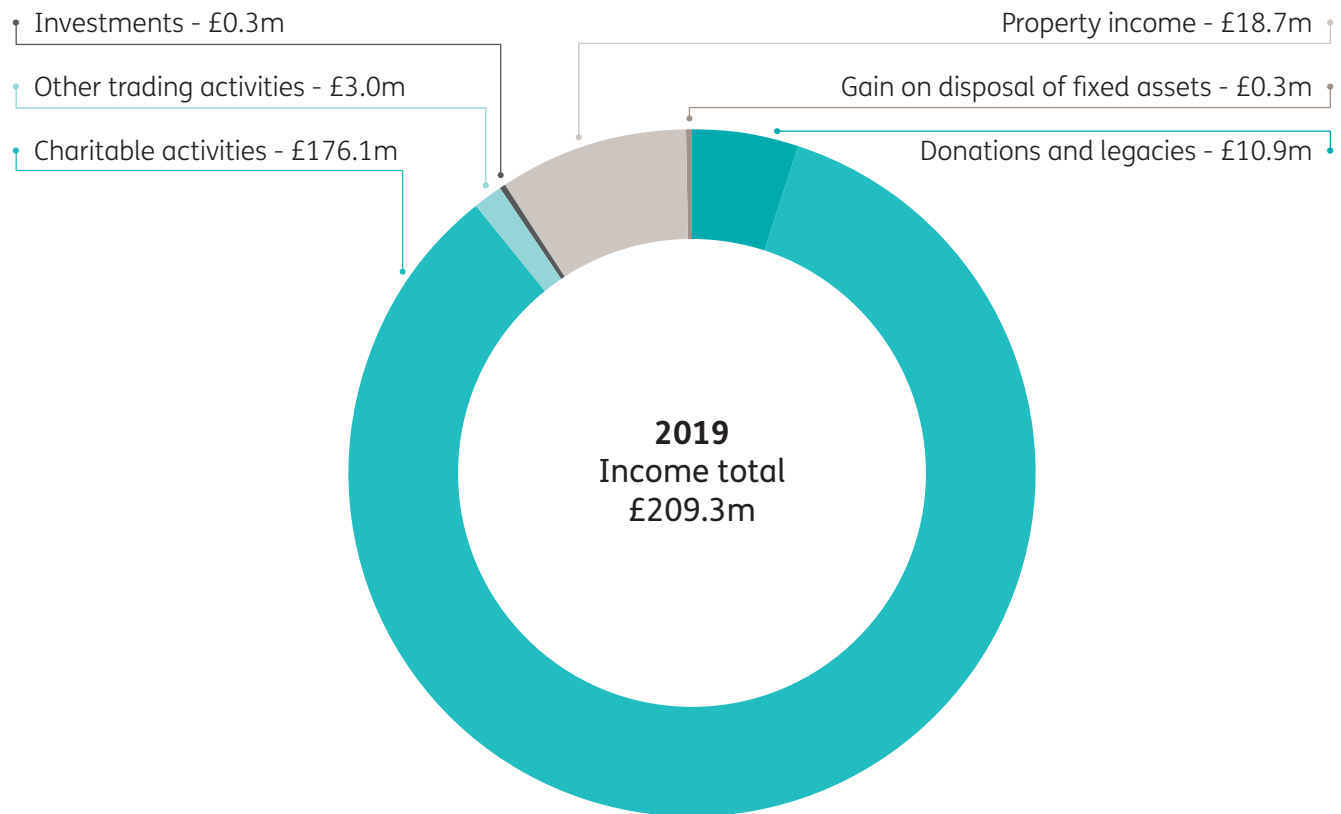
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Friends and family of Mencap Centre  
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Emma Harper at Birkett Long LLP  
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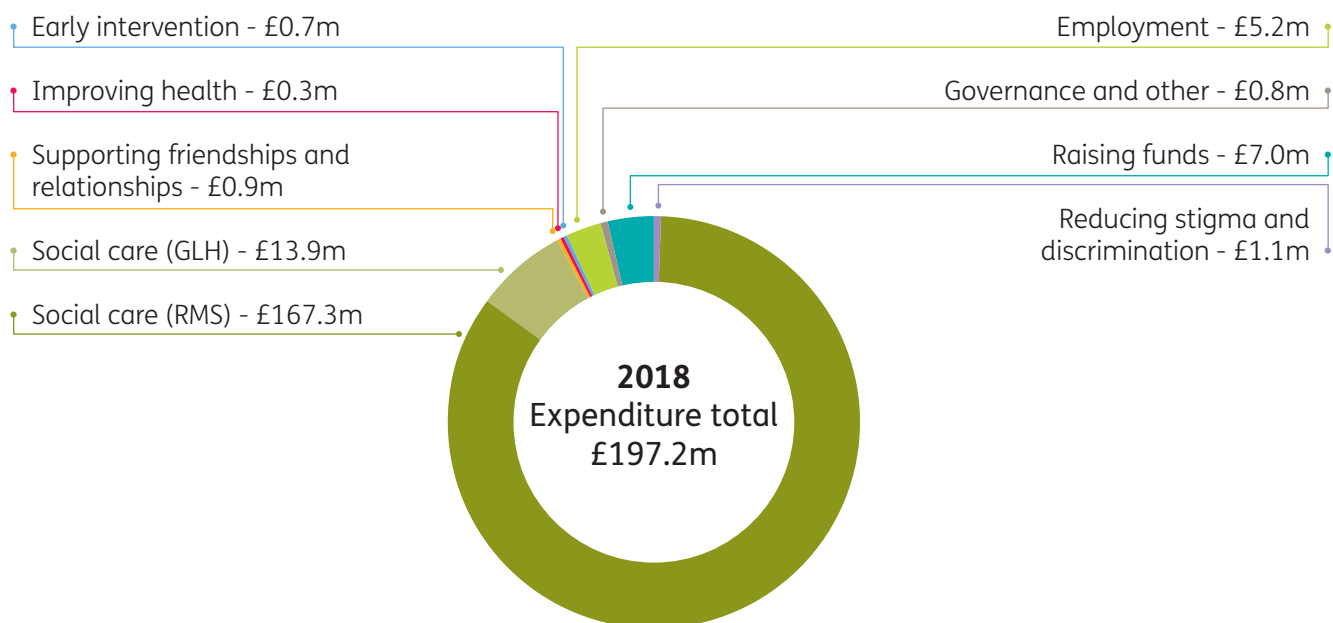
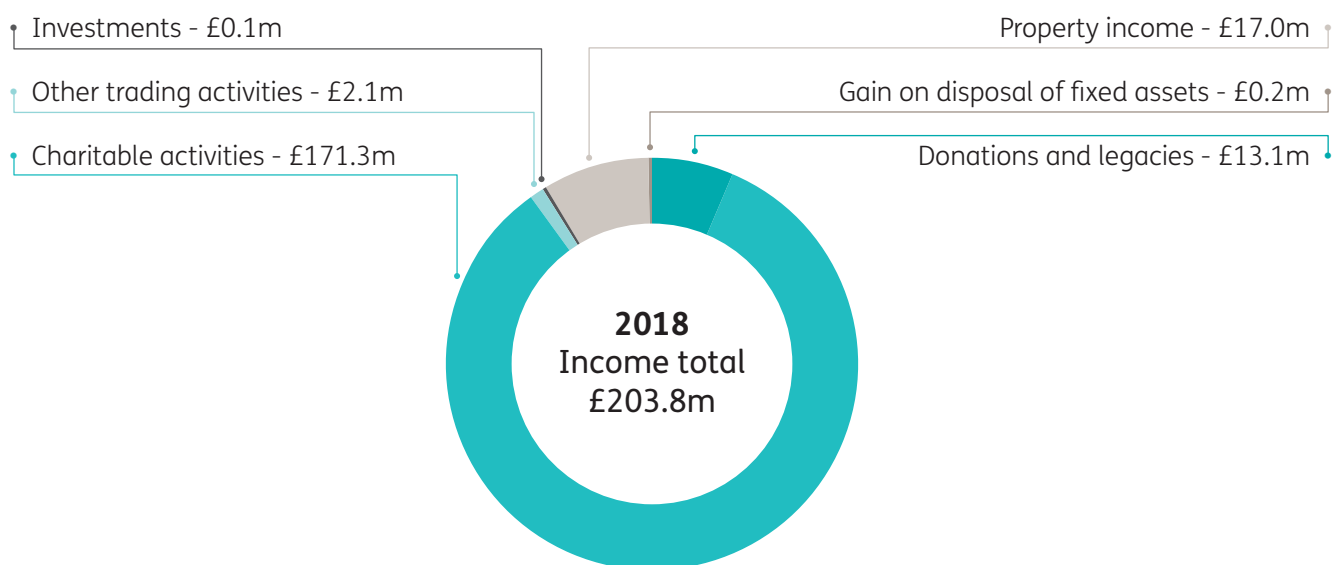
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 Mencap Special Events Committee  
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 Anne Minihane at Clarke Willmott  
 Stephen and Bonnie Morant  
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 Sally Phillips  
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 Darren Price at Blake Morgan LLP

Jane Raca MBE  
 Edward Rees at Lanyon Bowdler Solicitors  
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 Kathryn Thornewill at Franklins Solicitors  
 Toyota Charitable Foundation  
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 Philip Warford at Renaissance Legal LLP  
 Watson-Marlow Limited  
 HRH Countess of Wessex  
 The Westfield Health Charitable Trust  
 Jo Whiley  
 Jodie Whittaker  
 Lynn Wicks at Ashtons Legal  
 Williamson Carson's Insurance Brokers  
 Sir Alan Yarrow  
 Lady Gilly Yarrow  
 The Zochonis Charitable Trust

Our heartfelt thanks go to Rosie and the  
 Bachofner family, stars of our latest legacy  
 marketing campaign which encourages people  
 to 'change the world' for people with a learning  
 disability in the future, through a gift in their will.

# Strategic report







**Mencap**

**The voice of  
learning disability**

**Raise  
Funds**

# Financial Review

## Income

The largest part of Mencap's income (£176.1m) is made up of receipts for the provision of direct service delivery, and includes income from central and local government contracts. This directly supports 5,236 (5,231 in 2017-18) 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 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.

Golden Lane Housing has been innovative in raising finance to provide housing for people with a learning disability and in 2018-19 was able to house 234 additional people. Of the 234, 65 are supported by Royal Mencap Society. The two charities undertook a project called House to Home in 2018, with Royal Mencap Society raising funds to be used by Golden Lane Housing to adapt properties for people with a learning disability. During the year, Golden Lane Housing had revenue of £18.5m from rental income, grants and consultancy, including £0.4m from Royal Mencap Society in respect of House to Home.

Mencap raised £10.9m from fundraising activities this year, which was below last year's levels of fundraised income (£13.1m in 2017-18). There have been particular challenges in meeting targets for planned donations from companies, where Mencap raised 38% of its £1.3m goal, and statutory fundraising, where 35% of the £0.7m target was secured. There

have been generous receipts of gifts-in-kind, totalling £0.3m. Despite a reduction in income this year, legacies continue to be a major source of funding (£6.2m 2018-19; £8.0m 2017-18) and we are very grateful that people continue to remember us in their wills.

We also saw increased income from trading activities of £3.0m (£2.1m in 2017-18). This was primarily due to growth from our charity shops as they became more established. We are supported in this activity by a retail advisory group, which comprises a number of external experts from the retail sector.

## Net movement in funds

In total, the funds of the Mencap group decreased by £0.8m in 2018-19. Group operating surplus was £0.7m, with the split by company set out in note 16 to the accounts. However, there was an actuarial loss from the revised accounting estimate of our defined benefit pension scheme liability, resulting in an overall reduction in funds. During the year the charity also made planned payments of £2.1m to reduce the pension liability. These were largely offset by the actuarial adjustments arising under FRS 102, meaning the pension deficit has only decreased by £0.1m in 2018-19.

Mencap has £10.9m in cash at 31 March 2019, of which £2.1m belongs to the charity and £8.8m to other group subsidiaries. Increased operating costs have put additional pressure on cash balances this year, but accurate cash flow and working capital forecasting has allowed us to maintain the level of our investments without having to draw them down as cash. Our cash position remains strong enough to let us continue operating effectively, and contributes towards ensuring we meet our reserves policy requirements. Additionally, around £3.5m of investments are held in a portfolio with high liquidity. Together

with arranged overdraft and credit facilities, this ensures Mencap has adequate liquidity levels even after the net cash outflows of 2018-19.

At 31 March 2019 we held funds of £82.5m, of which £31.8m relate to the charity, with the majority of the remainder held by Golden Lane Housing and not available to the rest of the group. £24.1m of the charity's funds are available for the general purposes of the charity, and the remaining £7.7m are subject to certain restrictions governing their use, as set out in note 23 to the accounts.

## Recognising the individual charities

Mencap'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
- Golden Lane Housing Limited

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 the charity

Reserves are maintained at a level that enables the charity to manage operational financial risks 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. As noted above, of the charity's £31.8m total funds at the end of March 2019, £7.7m (2017-18: £8.8m) are restricted funds and not available for general purposes. The remaining £24.1m of total funds are unrestricted, and of these we identify £19.4m as "reserves".

Reserves are those unrestricted funds which are freely available to the trustees to spend on any of the charity's purposes. However, they exclude amounts which, if spent, would adversely affect the charity's ability to deliver its aims. Reserves do not therefore include property, funds which are set aside for programmes specifically to further our charitable objectives, or amounts set aside for essential costs.

Reserves	31 March 2019 £m	31 March 2018 £m
Unrestricted funds	24.1	27.1
Add back pension provision	10.7	10.8
Less unrestricted net fixed assets	(15.4)	(16.0)
Reserves	19.4	21.9

The trustees have set a target for reserves based upon an analysis of the potential financial impacts of significant risks identified through the charity's risk management processes. Reserves of £19.4m compare to target reserves of £13.1m. The charity plans to utilise its reserves in a managed fashion through investment in strategic priorities.

During the year to 31 March 2019, the charity was awaiting legal clarification of the ongoing issue around applying national minimum wage regulations to historic sleep-in payments. As a result, the trustees continued to delay commitment to utilise significant amounts of reserves until any potential liabilities are clarified. This is addressed further in the going concern note on page 63.

The pension deficit is excluded from the reserves calculation. A payment plan to reduce the deficit has been agreed with the pension fund trustees, and 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 for the charity

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.

The charity holds three investment portfolios. One relates to the Mencap Visiting Service and is designed to meet its funding needs over the long-term so that the service can continue to operate for as long as the beneficiaries need it. 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 portfolios form part of the charity's unrestricted reserves. One is invested for the long term. Its objective is to provide a return in excess of inflation, as measured by CPI, over the long term. A second

is invested in liquid funds to provide short term protection against inflation whilst retaining the availability of funds at short notice should they be required.

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

- Mencap liquid funds – preserve capital value after inflation in the short term (up to 6 months) with assets available to meet cash flow requirements.
- Mencap long term funds – generate a return in excess of inflation over the long term.
- Mencap visiting service – ensure sufficient funds are available to meet the liabilities of the visiting service over its expected life.

During the year, Schroder and Co Ltd, trading as Cazenove Capital Management, continued to be engaged to manage the Mencap and MVS portfolios. The funds were fully invested throughout the year. The long term funds exceeded their benchmark, returning 2.9% against a benchmark of CPI (average 2.3% over the year), but returns were disappointing for the MVS portfolio, only returning 4.2% against a benchmark of 5.3% (CPI + 3%).

Details on Golden Lane Housing's investment policy can be found within its accounts.

## Risk management and internal control for the charity

Risks are identified and assessed against Mencap's strategic aims and objectives at every level of the organisation, and also by project. The trustees review key risks at the corporate level and significant changes in risks. Where relevant, all board papers include a risk assessment in their executive summaries or main bodies to draw out the key risks and mitigations.

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. Independent assurance is provided by an outsourced internal audit function from RSM UK.

Risk management at the operational level is exercised by the executive directors, who review risks regularly within their directorates and as a group.

At the strategic level, we have identified several strategic risks faced by the organisation. All activity is reviewed in the context of these risks, and operational risks sit below and are associated with them.

We have also reviewed the particular risk of Brexit, primarily in the context of recruitment and retention of support workers and our agency supply chain. At this stage we do not believe this poses a material risk to our ability to operate.

Principal risks for Royal Mencap Society	What the risks mean	How we manage the risks
Maintaining quality of services	The safety and wellbeing of the people we support may be affected if we don't have adequate systems and processes in place.	We make sure our staff are trained on operational and safeguarding policies and procedures. We use our 'What Matters Most' practice framework. We have a clear process for fast reporting of any serious incidents.
Maintaining financial sustainability	<p>a) If we don't generate sufficient net income, we may be unable to operate, and/or we may be unable to manage the pension deficit.</p> <p>b) There is a particular risk as to whether National Living Wage should be applied retrospectively to historic sleep-ins.</p>	<p>a) We have an effective budgeting and forecasting process, and have borrowing facilities in place. We have a collaborative approach with the pension trustees.</p> <p>b) We have a robust relationship with commissioners to ensure ongoing contracts are negotiated to provide for sleep-ins at NLW. Regarding the historic claim, and following our success at the Court of Appeal in 2018, we are now awaiting the Supreme Court hearing which is scheduled for February 2020.</p>
Governance and strategy	If we don't have the right governance structures in place, we may be unable to drive our strategy, or to improve the lives of people with a learning disability.	We regularly review our governance structures and performance. We have processes in place to lead strategic change and we are developing our ability to measure the impact we make.
People capability and capacity	We need to attract, develop and retain talented staff 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 and have developed a reward strategy.
Systems and data	We need to have IT systems that meet our needs, and we need to guard against data breaches.	We have a programme of work underway to upgrade our Finance systems, and to build digital capability in our support services. We continue to strengthen processes and systems in the areas of data compliance and information security.
External influence and perception	People may not understand our core purpose if our messaging is not clear.	We have invested in communications, and are developing a brand strategy.

Details on Golden Lane Housing's approach to risk can be found within its accounts.

## 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 good cash liquidity, more than sufficient level of reserves, good relationships with our key funders and a proven ability to retain and secure new services.

As at the date of this annual report, Mencap is expecting a Supreme Court hearing in February 2020 concerning the application of average national minimum wage (NMW) to non-contractual sleep-in hours carried out by our support workers. Since April 2017, Mencap has ensured that sleep-in hours are included in NMW calculations, although this is not required under the current legal position which was determined at the Court of Appeal in July 2018. However, the Supreme Court hearing concerns the potential liability for historic payments prior to April 2017. This could involve almost 3,500 past and current members of staff and may be applied over a 6 year period.

Due to there being no obligation under current legislation and the outcome of legal proceedings being uncertain, no provision has been recognised within the financial statements. However, in order to provide stakeholders with guidance around the potential impact, and in accordance with FRS102, a contingent liability of up to £16.8m is noted. At the date of signing the financial statements, this is the best estimate of the maximum liability Mencap might 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 payment may be determined.

Taking into consideration that Mencap currently holds reserves which are £6.3m in excess of the £13.1m target for reserves set by the trustees, 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, measurable 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 administrative 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 CBE  
Yogendra Amin (appointed November 2018)  
Lucy Edge (appointed November 2018)  
Elaine Hindal  
Katie Hollier  
Stephen Jack OBE  
Jacqueline Pollock (appointed November 2018)  
Linda Redford (resigned April 2019)  
Graham Williams, vice chair  
Andrew Wilson  
David Wolverson

## Vice Presidents

Brian Baldock CBE  
Sir George Bull Kt (resigned June 2018)  
Barrie Davis  
Dame Pauline Harris DBE  
Michael Mackey MVO BEM  
Dame Norma Major DBE  
Mary Oliver MBE  
Lord Wigley  
Sir Alan Yarrow

## Royal Patron

HRH The Countess of Wessex

## 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 Janine Tregelles and her executive team.

Independent auditor: Crowe U.K. 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: Investec Wealth & Investment Limited, Unit 4, The Billings, 3 Walnut Tree Close, Guildford, GU1 4UL and Schroder & Co. Limited, trading as Cazenove Capital Management, 31 Gresham Street, London EC2V 7QA.

## Objects

The charity's objects are specifically restricted to advancing the health, education and the well-being of people with a learning disability and their families and carers (the beneficiaries) by providing, procuring or facilitating care, services and facilities and to advance equality and diversity for people with a learning disability.

# 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 over 250 active trusts and 750 inactive trusts. We've helped over 3,000 families.

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 whose primary purpose is profit making external DBS checking activity. There is also activity in relation to bought in goods to be sold online and in Mencap retail stores, promotional events and revenue generating sponsorship agreements with 3rd party commercial organisations.

### Mencap Promotions Limited

From 1 April 2018, its activities have been taken over by Mencap Limited and Mencap Promotions Limited is a non-trading subsidiary.

### Blue Sky Housing Limited

Blue Sky Housing is a dormant property development subsidiary.

### Mencap visiting service

The Mencap visiting service (MVS) is a trust fund established to provide a visiting scheme to named beneficiaries after the death of a donor. It is not a separate legal entity. MVS funds are held in a discretionary trust, and MVS activities are delivered by Royal Mencap Society.

For clarity, the following six pages relate to Royal Mencap Society, the charity. Information about the structure, governance and management of Golden Lane Housing can be found in its own separately issued annual report.

## Governance

Mencap is committed to maintaining the highest standards of governance and has determined that the organisation should meet the principles outlined in the new Charity Code of Governance.

## Organisational purpose

Mencap has a clear, sustainable strategy and business plan consistent with the charity's purposes and an evaluation and monitoring framework to monitor our impact and measure and track our outputs. A strategic review is currently being undertaken and the board would like to see further development of our approach to collaboration.

## Leadership

Ultimate responsibility for governance of the charity and its subsidiaries is entrusted to the trustee board, which consists of up to 13 trustees including the chair. Whilst suitably challenging and diverse views are welcome, collective responsibility is taken for the way the charity meets its purposes and reflects its values, ethos and culture. Best practice is followed in terms of the support, supervision, appraisal and remuneration of the chief executive and there are clear distinctions between the role of trustees and the executive team. The board holds a range of reserved matters and delegates certain authority to the executive team in order to run the organisation efficiently. The trustees are also the charitable company's Companies Act members.

## Integrity

The board is very conscious of the need to safeguard Mencap's reputation and operates

to the highest ethical standards, with trustees signing up to a set of principles and code of conduct and regularly declaring conflicts of interest.

## Decision making, risk and control

The board is clear that its primary role is strategic and this is reflected in Mencap's clear schedule of delegation and a number of board committees with clear terms of reference which are reviewed annually. The minutes of meetings are made available to all trustees on a timely basis. The board regularly reviews operational plans, budgets, performance and the organisation's main risks. The audit and risk committee meets with auditors once a year without staff and we have independent internal auditors. Over the past year, Mencap's assurance framework has been developed and work will begin shortly on agreeing our appetite for risk. The role and input of the Voices Council has been strengthened to increase inclusion in governance.

## Board effectiveness

The board regularly reviews its effectiveness and that of the committees. The new role of vice chair, held by one of our trustees, was established to provide a sounding board for the chair and act as an intermediary for the other trustees if required. For new trustees, the charity has a wide ranging induction programme and this is also offered to committee members and other trustees throughout the year. New trustees are given a governance handbook which outlines the main policies and the governance structure of the charity. Further training and development is offered individually or to the board as a whole as required. We have done a lot of work to improve the effectiveness of the board as a team but with new people joining and others leaving, this is likely to always be an area of focus for the board.

The board meets regularly, is provided with timely and clear information and can access independent advice at Mencap's expense if

necessary. The optimum board size is reviewed regularly. Trustees are appointed for a four-year term of office and can serve two terms in total.

## Diversity

Mencap has a systematic and transparent recruitment process advertising widely and looking at how we can attract a diverse pool of candidates. The skills and experience of the board are regularly reviewed to identify gaps. This is overseen by the nominations committee. Inclusive and accessible decision making is encouraged. The board would like to increase its diversity and the latest recruitment round had some success in recruiting more women and BAME individuals onto the board.

We recognise that there is significant work to do around diversity on the board and continue to seek ways of removing, reducing or preventing obstacles to trusteeship. This includes regularly reviewing the time, location and frequency of meetings, how papers and information are presented, the use of digital technology and where vacancies are advertised and the recruitment process.

## Openness and accountability

Trustees have increased their visibility with external and internal stakeholders including Mencap local network partners through visits and regional events and a number of advisory forums and groups have been set up with membership of our stakeholders to advise and support the board. These include our local Network Partners, external academic advisors and people with a learning disability.

There is a transparent process for making complaints and whistleblowing and regular reports are received by the board and relevant committees. Where the board thinks that there are lessons to be learnt which could be aided by independent input, this is requested.

A register of trustee and senior staff interests

is kept although it is not made public. We continue to publish the salaries of our senior staff.

## Mencap gender pay gap

Following the requirement for all organisations with more than 250 employees to report on their gender pay gap (Equality Act 2010 (Gender Pay Gap Information) Regulations 2017), we published our 2018 results in March this year.

Mencap has a small gender pay gap of mean (average) 5.1% and median (mid-point) 4.4%. This means that on average male colleagues earn 5.1% per hour more than female colleagues. One of the key contributors to this is the significant proportion of females in support worker roles. Year on year, our gender pay gap has increased by a small amount because the proportion of men in the higher quartiles increased in 2018.

Mencap has refreshed its approach to equality, diversity and inclusion within its workforce, including resourcing this area with subject matter experts. The response to the gender pay gap is part of a wider Equality, Diversity and Inclusion strategy. This includes carrying out further analysis to inform our future plans as well as reviewing some of the relevant human resources policies and practices.

## Safeguarding

Following a review of our safeguarding arrangements carried out by the Social Care Institute for Excellence in 2017, we appointed Brendan Clifford as independent chair of our internal safeguarding panel in April 2018.

This has supported and strengthened our arrangements for safeguarding and we have benefited from increased objectivity and challenge in progressing this important area of our work. The chair reports into the quality and compliance committee and meets with the board of trustees twice a year to report on Safeguarding activity and plans.

There have been a number of key activities during this reporting year, including:

- working with the Voices Council on our safeguarding policy statement
- developing information on Making Safeguarding Personal
- co-producing a safeguarding video resource with the Include Me group
- establishing a three year review programme of our safeguarding arrangements.

Earlier this year, our chair initiated and established a forum to bring independent safeguarding chairs from the sector together to share ideas and practice. Although these arrangements are still forming, we expect to see increased involvement from other organisations that share a commitment to embedding Making Safeguarding Personal.

## Board and committees

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. The members of the committee at 31 March 2019 were: Trustee members: Graham Williams (chair), Geoff Alltimes, Stephen Jack, Derek Lewis. Co-opted member: Nick Chapman
- **Finance, planning and remuneration** – which ensures the board receives the appropriate financial information for the purposes of planning, performance monitoring and major decisions.
- The members of the committee at 31 March 2019 were: Trustee members:

Stephen Jack (chair), Elaine Hindal, Derek Lewis, Linda Redford, Graham Williams

- **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. The members of the committee at 31 March 2019 were: Trustee members: Derek Lewis (chair), Katie Hollier, Linda Redford. Co-opted members: Sam Jeffries, Mary Oliver, Paul Savage, Corinne Wells
- **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. Trustee members: David Wolverson (chair), Geoff Alltimes, Derek Lewis, Linda Redford, Andrew Wilson

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.

## Voices Council

The Voices Council is a group of people with a learning disability who provide input, support and advice on matters relating to learning disabilities and the priorities and activities of Mencap to the board of trustees. The members of the forum at 31 March 2019 were:

- Karen Gray
- Sam Jefferies (vice chair)
- Barbara Norris
- John Phillips
- Sara Pickard
- Paul Savage
- Dave Taylor
- Jack Welch (chair)
- Andrew Wilson (vice chair)

## 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.

Our senior reward approach encompasses two main factors:

- External job evaluation, which is weighted by the distinct elements of roles
- 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 2019	Remuneration to 31 March 2018
Chief executive <sup>1</sup>	£173,783	£168,855
Chief financial officer <sup>2</sup>	£38,513	£106,517
Interim CFO <sup>3</sup>	£173,114	£88,057
Director of services	£155,198	£145,292
Director of marketing and engagement <sup>4</sup>	-	£33,943
Director of fundraising <sup>5</sup>	£105,127	£68,497
Director of comms <sup>6</sup>	£113,586	£20,920
People director	£118,920	£102,688
Director of quality <sup>1</sup>	£113,324	£102,124
Director of strategy and influence	£119,240	£104,029

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

1. In our annual report to 31 March 2018 we excluded the cost of company cars used by two members of our executive team. In this respect, £4,501 for the chief executive and £2,818 for the director quality have now been included in the totals for this year (2018: £4,501 - chief executive; £1,644 - director of quality). 2. Joined 7 January 2019. 3. Interim post filled by external contractor. Left 31 December 2018. 4. Left 28 June 2017. 5. From 3 July 2017. Prior year includes remuneration in previous role as head of corporate partnerships. 6. Joined 22 January 2018.

## Reward strategy

We have big aspirations and rewarding our colleagues is a top priority for us. Our colleagues love what they do and want to make a difference to people's lives. This year we launched a clear vision and plan for reward in Mencap.

There are four main pillars of our reward plans:

### 1. **Competitive pay to attract and keep great colleagues**

We have segmented our colleagues and target pay appropriately at the median or upper quartile, we review pay annually and seek to build in annual uplifts.

### 2. **Being leaders in valuing social care work**

We will lead the way in valuing the care profession, campaign for more Government investment to professionalise social care work and fund us to pay at the minimum of the rate of pay set by the Living Wage Foundation.

### 3. **Attractive and flexible benefits for everyone**

We want to enable our colleagues to live well and this includes having a pay and benefit strategy that allows people to plan a good life, which has the right flexibility at the right time.

### 4. **Being honest and fair about pay and reward**

We will provide clear information about how pay and benefits are set and how decisions about changes and improvements are made promoting transparency and diversity.

## Volunteers

During the year, Mencap benefited from the time of 2,034 volunteers. Volunteers are involved across a range of activities:

- 363 participating in fundraising and 800 in trading
- 727 assisting across our direct services (social care, employment, early intervention and programmes supporting friendships and relationships)
- 144 supporting us across a range of other projects.

There are many more volunteers who support our local groups.

## Employee involvement and employment of people with a disability

Our colleagues are fundamental to the delivery of Our Big Plan and they have been involved from the outset in shaping our plans. They are engaged regularly in how we implement our priorities, helping us make Mencap a great place to work and making sure we have the most impact we can for people with a learning disability.

We introduced this year an organisation wide colleague engagement survey, The Big Listen, to assess our colleagues' engagement levels and views on key elements of the employee experience including leadership, values, overall satisfaction, learning and development and reward and recognition. 43% (over 3,000) of our colleagues responded, and a detailed organisation wide action planning process was undertaken to provide a coherent organisational response with devolved action plans developed based on the data analysis in local areas.

This has given rise to a range of central and local interventions as well as feeding into things like our reward and EDI strategy. We are committed to running this survey and

planning against the insight it provides year-on-year. In this way we ground our enabling plans in the experience of our colleagues and can test the impact of our interventions.

In the last year, in part as a response to the survey results above, Mencap colleagues have been involved in:

- an enhanced range of organisation-wide listening opportunities around key issues, using surveys, focus groups, Your Mencap conversations (where we have conversations around key themes linked to Our Big Plan) and online digital tools such as Yammer to connect with more of our colleagues, particularly in our services
- engagement sessions with our chief executive, which delve into our strategic and enabling priorities and ask our colleagues for their ideas and suggestions and their experience of working for Mencap, so we can learn and inform our plans
- a number of YamJams providing an open forum to ask questions of the Executive and other senior leadership teams either on key issues or as a general Q+A forum
- inclusion groups for colleagues with a learning disability, as well as people we support and people connected with our network to inform our plans and generate ideas to shape how we work and what else we need to be doing
- more directly influencing our campaigning work, using their voices and those of the people we support to really support and influence campaigns like our *Treat me well* campaign
- the introduction of a 'Welcome to Mencap day – meet the Exec', co-facilitated by our colleagues with a learning disability, to ensure all new starters are welcomed into the organisation.
- We have also worked hard to ensure that our Trustees have increased opportunities to meet with and engage with staff directly through a range of service visits.

This allows for primary evidence for the Board of Trustees on employee experience and an opportunity for colleagues voice to be heard at the highest level.

We are committed to equality, diversity and inclusion within Mencap and continue to work to ensure our policies and working practices encourage, reflect and support the diversity of our colleagues, including how we attract new colleagues:

- As an organisation we employ 367 people with a declared disability, of which 176 have a stated learning disability - this is in line with the recorded UK population (HR data from 31 March 2019 - based on disclosed information only).
- We experience some challenges to increasing this number due partly to historical data issues, but also to the nature of the regulatory and commissioning environment in which we do a lot of our work. In our 'Personal Support' area, 1.5% of colleagues have a learning disability; however, if we look at the organisation beyond 'Personal Support' our colleagues with a learning disability represent 6% of our workforce.
- Employing people with a learning disability is a key priority, and we have recently renewed our commitments in this area, including becoming a 'Disability Confident' employer and improving the ways we capture our data.

# Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company/group for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable

them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Disclosure of information to auditors

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

The trustees' report, under the Charities Act 2011 and the Companies Act 2006, was approved by the board of trustees on 17 July 2019, 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

## Opinion

We have audited the financial statements of the Royal Mencap Society for the year ended 31 March 2019 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 notes to the financial statements, including a summary of significant accounting policies. 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).

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 2019 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).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinion on other matter 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' 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 the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease

operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

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 Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
**London**

25 October 2019



# Financial statements

Consolidated statement of financial activities for the year ended 31 March 2019 (incorporating the income and expenditure account)

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Total funds 2018 £'000
<b>Income from:</b>							
Donations and legacies	2	9,376	1,586	10,962	11,071	1,993	13,064
Charitable activities	3	170,951	5,110	176,061	168,329	2,995	171,324
Other trading activities	4	3,029	-	3,029	2,059	-	2,059
Investments	5	178	133	311	76	46	122
Property income	6	18,564	110	18,674	15,902	1,056	16,958
Gain on disposal of fixed assets		286	-	286	221	-	221
<b>Total</b>		<b>202,384</b>	<b>6,939</b>	<b>209,323</b>	<b>197,658</b>	<b>6,090</b>	<b>203,748</b>
<b>Expenditure on:</b>							
Raising funds	7	6,520	184	6,704	6,948	46	6,994
Charitable activities	7	195,059	7,084	202,143	185,990	4,222	190,212
<b>Total</b>		<b>201,579</b>	<b>7,268</b>	<b>208,847</b>	<b>192,938</b>	<b>4,268</b>	<b>197,206</b>
Net gains/(losses) on investments	14	82	135	217	(94)	(90)	(184)
<b>Net income/ (expenditure)</b>		<b>887</b>	<b>(194)</b>	<b>693</b>	<b>4,626</b>	<b>1,732</b>	<b>6,358</b>
Transfers between funds		(63)	63	-	(394)	394	-
<b>Other recognised gains/(losses):</b>							
Actuarial gains/(losses) on defined benefit pension schemes	24	(1,470)	-	(1470)	8,419	-	8,419
<b>Net movement in funds</b>		<b>(646)</b>	<b>(131)</b>	<b>(777)</b>	<b>12,651</b>	<b>2,126</b>	<b>14,777</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		54,718	28,516	83,234	42,067	26,390	68,457
<b>Total funds carried forward</b>		<b>54,072</b>	<b>28,385</b>	<b>82,457</b>	<b>54,718</b>	<b>28,516</b>	<b>83,234</b>

## Consolidated balance sheet as at 31 March 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	13	103	395
Tangible assets	12	113,630	108,933
Investments	14	15,657	15,577
Total fixed assets		129,390	124,905
<b>Current assets</b>			
Debtors	17	29,769	28,903
Stock		62	44
Cash at bank and in hand		10,863	13,368
Total current assets		40,694	42,315
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	18	(21,098)	(21,366)
Net current assets or liabilities		19,596	20,949
<b>Total assets less current liabilities</b>		148,986	145,854
Creditors: Amounts falling due after more than one year	19	(48,248)	(44,531)
Provisions for liabilities	21	(7,611)	(7,314)
Net assets or liabilities excluding pension asset or liability		93,127	94,009
Defined benefit pension scheme liability	24	(10,670)	(10,775)
<b>Total net assets or liabilities</b>		82,457	83,234
<b>The funds of the group:</b>			
Restricted income funds	23	28,385	28,516
Unrestricted funds		58,720	59,408
Designated funds		6,022	6,085
Pension reserve		(10,670)	(10,775)
Total unrestricted funds	23	54,072	54,718
<b>Total group funds</b>		82,457	83,234

These financial statements were approved by the trustees on 17 July 2019 and signed on their behalf by:



Derek Lewis, chair



Graham Williams, trustee

The notes on pages 81 to 121 form part of these financial statements.

## Charity balance sheet as at 31 March 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	13	97	395
Tangible assets	12	18,772	19,233
Investments	14	15,657	15,577
Total fixed assets		34,526	35,205
<b>Current assets</b>			
Debtors	17	31,359	31,365
Cash at bank and in hand		2,086	6,115
Total current assets		33,445	37,480
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	18	(17,388)	(17,918)
Net current assets or liabilities		16,057	19,562
<b>Total assets less current liabilities</b>		50,583	54,767
Creditors: Amounts falling due after more than one year	19	(835)	(1,052)
Provisions for liabilities		(7,299)	(7,049)
Net assets or liabilities excluding pension asset or liability		42,449	46,666
Defined benefit pension scheme liability	24	(10,670)	(10,775)
<b>Total net assets or liabilities</b>		31,779	35,891
<b>The funds of the charity:</b>			
Restricted income funds		7,666	8,833
Unrestricted funds		34,783	37,833
Pension reserve		(10,670)	(10,775)
Total unrestricted funds		24,113	27,058
<b>Total charity funds</b>		31,779	35,891

The charity has taken exemption from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006. The net expenditure of the charity in 2019 was £2.642m (2018: net income £3.442m).

These financial statements were approved by the trustees on 17 July 2019 and signed on their behalf by:



Derek Lewis, chair



Graham Williams, trustee

The notes on pages 81 to 121 form part of these financial statements.

## Consolidated statement of cash flows for the year ended 31 March 2019

	2019 £'000	2018 £'000
<b>Cash flows from operating activities:</b>		
Net cash provided by operating activities (see below)	(427)	3,835
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	311	122
Proceeds from the sale of property, plant and equipment	1,315	1,152
Purchase of property, plant and equipment	(7,682)	(6,936)
Proceeds from sale of investments	1,969	44,391
Purchase of investments	(1,832)	(48,011)
Shared investment contribution	(75)	298
Net cash provided by/(used) in investing activities	(5,994)	(8,984)
<b>Cash flows from financing activities:</b>		
Repayments of borrowing	(1,084)	(11,027)
Cash inflows from new borrowing	5,000	10,000
Net cash provided by/(used in) financing activities	3,916	(1,027)
Change in cash and cash equivalents in the reporting period	(2,505)	(6,176)
Cash and cash equivalents at the beginning of the reporting period	13,368	19,544
Cash and cash equivalents at the end of the reporting period	10,863	13,368

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

	2019 £'000	2018 £'000
Net income for the reporting period (as per the statement of financial activities)	693	6,358
Adjustments for:		
Depreciation and amortisation charges	2,323	2,176
Loss/(gain) on investments	(217)	184
Dividends, interest and rents from investments	(311)	(122)
Defined benefit pension expense	574	688
Loss/(profit) on the sale of fixed assets	(286)	(221)
Increase in stocks	(18)	12
Increase in debtors	(866)	(4,348)
Increase/(decrease) in creditors (excluding loans)	(467)	1,659
Increase/(decrease) in provisions	297	(392)
Defined benefit pension deficit reduction	(2,149)	(2,159)
Net cash provided by operating activities	(427)	3,835

## Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash in hand	-	2
Notice deposits (less than 3 months)	<b>10,863</b>	13,366
Overdraft facilities repayable on demand	-	-
Total cash and cash equivalents	<b>10,863</b>	13,368

### 1. Accounting policies

#### (a) Company information

Royal Mencap Society is a public benefit entity registered as a 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 was 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 16 May 2019).

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

sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of the group to continue as a going concern. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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

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

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

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

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

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

### (d) Income

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

#### Charitable activities

Income in respect of contracts for the provision of services is recognised when Mencap is entitled based on services provided. Amounts received in advance of service provision are deferred until the relevant part of the contracted service is complete.

#### 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 (reducing stigma and discrimination, social care, supporting friendships and relationships, improving health, early intervention, 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. 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 2019. 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 2019	Total 2018
	£'000	£'000	£'000	£'000
<b>(a) Donations</b>	279	2,952	<b>3,231</b>	3,375
<b>Total donations income</b>	279	2,952	<b>3,231</b>	3,375
<b>(b) Legacies</b>	251	5,989	<b>6,240</b>	8,013
<b>Total legacies income</b>	251	5,989	<b>6,240</b>	8,013
<b>(c) Trust fund</b>				
BBC Children in Need	20	-	<b>20</b>	30
Hillingdon Community Trust	42	-	<b>42</b>	15
John James Bristol Foundation	10	-	<b>10</b>	9
Pears Foundation	50	-	<b>50</b>	70
The Harpur Trust	-	-	<b>-</b>	30
The Kathleen Laurence Trust	35	-	<b>35</b>	30
The Rene Horton & Joan Parkin CT	-	-	<b>-</b>	5
Bailey Thomas Charitable Trust	-	-	<b>-</b>	10
Graham Kirkham Foundation	-	-	<b>-</b>	10
Oak Foundation	-	-	<b>-</b>	30
Potterspury Lodge Trust	65	-	<b>65</b>	43
Roan Charitable Trust	-	-	<b>-</b>	20
Stadium Charitable Trust	-	-	<b>-</b>	25
The City Bridge Trust	70	-	<b>70</b>	53
The Constance Travis Charitable Trust	-	-	<b>-</b>	5
The Hugh and Ruby Sykes Charitable Trust	-	-	<b>-</b>	10
The McVitie Trust	-	-	<b>-</b>	60
The Swire Charitable Trust	-	-	<b>-</b>	10
The Westfield Health Charitable Trust	7	-	<b>7</b>	7
The Zochonis Charitable Trust	45	-	<b>45</b>	295
Garfield Weston Foundation	100	-	<b>100</b>	-
Loneragan Family Trust	5	-	<b>5</b>	-
Paul and Philomena Cronin Charity Settlement	-	6	<b>6</b>	-
Sylvia Adams Charitable Trust	10	-	<b>10</b>	-
TBF & KL Thompson Trust	10	-	<b>10</b>	-
The Co-operative foundation	-	35	<b>35</b>	-
The Legal Education Foundation	20	-	<b>20</b>	-
<b>Sub-total</b>	489	41	<b>530</b>	767
Other	31	33	<b>64</b>	87
<b>Total trust income</b>	520	74	<b>594</b>	854

	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>(d) Community Fund / Big Lottery Fund</b>				
Big Lottery - NIRE	-	-	-	100
Cabinet Office	91	-	91	-
Heritage Lottery Fund Wales	3	11	14	90
Other	15	70	85	118
<b>Total Community Fund / Big Lottery Fund</b>	<b>109</b>	<b>81</b>	<b>190</b>	<b>308</b>
<b>(e) Organisations raising funds</b>				
Aveso	-	-	-	13
Belfast International Airport	-	-	-	5
Charity Sweets	-	74	74	64
DXC Technology	-	-	-	15
Groundwork UK	21	-	21	-
Horizon Parking Ltd	-	6	6	-
Hymans Robertson	-	-	-	20
Institute of Directors	-	-	-	11
MBNA	-	39	39	66
MBNA (Mencap Limited)	-	9	9	14
Mencap in Kirklees	8	-	8	-
Nationwide Building Society	-	-	-	10
Omaze	-	17	17	-
Pennies	-	-	-	8
Rontec Pennies	-	69	69	-
Screwfix	5	-	5	-
The Co-operative	-	-	-	23
Ulster Bank Staff Charitable Fund	-	-	-	5
Vanquis Bank	-	-	-	140
Vodafone	-	60	60	-
Other	21	6	27	41
<b>Total organisations raising funds</b>	<b>55</b>	<b>280</b>	<b>335</b>	<b>435</b>
<b>(f) Gifts in kind</b>				
Vodafone	372	-	372	-
Other	-	-	-	79
<b>Total gifts in kind</b>	<b>372</b>	<b>-</b>	<b>372</b>	<b>79</b>
<b>Total donations and legacies</b>	<b>1,586</b>	<b>9,376</b>	<b>10,962</b>	<b>13,064</b>

### 3. Income from charitable activities

	Group 2019 £'000	Group 2018 £'000
Belfast Health and Social Care Trusts for Children and adults services in NIRE	299	308
Dept for Communities for employment services	305	359
Dept of Health (NI)	86	85
European Social Fund - funding for Employment services in Northern Ireland	681	668
Northern Health and Social Care Trusts for advocacy, children, adults services in Northern Ireland	120	118
Northern Ireland Housing Executive for Supporting People	686	705
Schools & Regional Colleges for employment services in Northern Ireland	54	44
South Eastern Health & Social Care Trusts for children and adults services in Northern Ireland	660	415
Southern Health and Social Care Trusts for children, adults and information services in Northern Ireland	268	285
Sport England for inclusive sports project	104	42
Sure Start Partnerships in Northern Ireland for play adviser services	-	22
Western Health and Social Care trusts for children and adults services in Northern Ireland	2,345	1,486
Education Authority for Youth Services and Youth Hub Project	85	97
<b>Sub-total</b>	<b>5,693</b>	<b>4,634</b>
All other income from charitable activities (see below)	170,368	166,690
<b>Total income from charitable activities</b>	<b>176,061</b>	<b>171,324</b>

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 2019 £'000	Group 2018 £'000
Promotional and other sponsored events	-	71
DBS checks	446	526
Retail	2,149	1,078
Trust management services	434	384
	<b>3,029</b>	<b>2,059</b>

## 5. Investment income

	Group 2019 £'000	Group 2018 £'000
Income from listed investments	<b>282</b>	109
Bank interest	<b>29</b>	13
	<b>311</b>	122

## 6. Property income

	Group 2019 £'000	Group 2018 £'000
Rental income	<b>17,341</b>	15,644
Government grant income	<b>1,106</b>	1,087
Consultancy income	<b>227</b>	227
	<b>18,674</b>	16,958

Government grants included within property income are all made to Golden Lane Housing for works to adapt existing properties and to purchase new properties. There are no remaining unfulfilled conditions at 31 March 2019. All grants are repayable if Golden Lane Housing ceases business activity or the related scheme comes to an end.

## 7a. Total resources expended

	Staff costs £'000	Depreciation £'000	Other direct costs £'000	Reallocated support costs £'000	Total 2019 £'000	Total 2018 £'000
Costs of raising funds	1,517	1	1,292	269	<b>3,079</b>	3,740
Investment management costs	-	-	65	-	<b>65</b>	53
Trading costs of subsidiaries	1,638	313	1,609	-	<b>3,560</b>	3,201
	3,155	314	2,966	269	<b>6,704</b>	6,994
<b>Charitable activities:</b>						
Reducing stigma and discrimination	678	-	522	115	<b>1,315</b>	1,052
Social care	144,132	1,002	28,291	16,598	<b>190,023</b>	181,194
Supporting friendships and relationships	894	-	412	125	<b>1,431</b>	941
Improving health	268	49	16	32	<b>365</b>	307
Early intervention	472	140	242	82	<b>936</b>	732
Employment	5,578	-	1,409	669	<b>7,656</b>	5,223
Defined benefit pension scheme finance costs	-	-	257	-	<b>257</b>	511
Governance	178	-	(32)	14	<b>160</b>	252
	152,200	1,191	31,117	17,635	<b>202,143</b>	190,212
Support costs	10,329	818	6,757	(17,904)	<b>-</b>	-
	165,684	2,323	40,840	-	<b>208,847</b>	197,206

## 7b. Support cost allocated

	Management £'000	Finance and IT £'000	HR £'000	Fundraising £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Costs of raising funds	70	134	32	17	16	<b>269</b>	298
Reducing stigma and discrimination	30	57	14	7	7	<b>115</b>	83
Social care	4,336	8,266	1,961	1,060	975	<b>16,598</b>	14,364
Supporting friendships and relationships	33	62	15	8	7	<b>125</b>	75
Improving health	8	16	4	2	2	<b>32</b>	24
Early intervention	21	41	10	5	5	<b>82</b>	58
Employment	175	333	79	43	39	<b>669</b>	415
Governance	4	6	2	1	1	<b>14</b>	19
	4,677	8,915	2,117	1,143	1,052	<b>17,904</b>	15,336

## 8. Information reporting to employees

	Still employed	Including termination payments	Total	Total
	2019	2019	2019	2018
£60,000 - £69,999	22	1	<b>23</b>	21
£70,000 - £79,999	6	-	<b>6</b>	3
£80,000 - £89,999	1	-	<b>1</b>	5
£90,000 - £99,999	9	-	<b>9</b>	5
£100,000 - £109,999	2	-	<b>2</b>	1
£110,000 - £119,999	-	-	<b>-</b>	-
£120,000 - £129,999	-	-	<b>-</b>	1
£130,000 - £139,999	1	-	<b>1</b>	1
£140,000 - £149,999	1	-	<b>1</b>	-
	42	1	<b>43</b>	37

Of the 43 employees above, all are members of the defined contribution scheme. Payments made to the defined contribution scheme on behalf of these individuals amounted to £141,740 (2018: £123,519) 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 Mencap consists of the executive team. The total compensation received by members of the executive team during the year amounted to £1,103,486, comprising employee benefits of £930,372 (2018: £934,777) and an additional £173,114 paid to members of the executive team on temporary contracts. More details of executive remuneration can be found in the Trustees' report. Members of the board of trustees are not remunerated.

	2019 £'000	2018 £'000
<b>Employee costs during the year:</b>		
Wages and salaries	152,583	144,061
Social security costs	10,396	9,442
Pension costs	2,704	1,828
Total as staff costs as per note 7a	165,683	155,331
Benefits in kind	152	153
<b>Total employee costs</b>	<b>165,835</b>	155,484

Included in the above are amounts paid to temporary staff during the year totalling £7.8m (2018: £8.8m).

### Redundancy and termination payments:

Expenditure totalling £326,648 (2018: £319,451) was recognised in the year in respect of redundancy and termination payments for staff.

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

	2019 Employees (FTE)	2018 Employees (FTE)
Reducing stigma and discrimination	24	21
Social care	4,927	4,902
Supporting friendships and relationships	30	22
Improving health	79	70
Early intervention	17	11
Employment	228	159
Trading	57	40
Raising funds	32	34
Support costs	257	236
Governance	14	15
	<b>5,665</b>	5,510

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

	2019 Employees	2018 Employees
Reducing stigma and discrimination	24	21
Social care	7,904	7,922
Supporting friendships and relationships	30	22
Improving health	79	70
Early intervention	17	11
Employment	228	159
Trading	57	40
Raising funds	32	34
Support costs	257	236
Governance	14	15
	<b>8,642</b>	8,530

## 9. Expenses of the trustees

During the year, 12 trustees (2018: 12) 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 £12,784 (2018: £20,787). Members of the board of trustees are not remunerated.

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

	Group 2019 £'000	Group 2018 £'000
<b>Net incoming/(outgoing) resources for the year are stated after charging:</b>		
<b>Depreciation and amortisation</b>		
Own assets	2,213	2,040
Leased assets	110	136
<b>Rentals under operating leases</b>		
Land and buildings	4,857	3,422
<b>Interest payable</b>		
Interest element of finance leases	9	10
Bank interest	2,163	1,947
Defined benefit pension expenditure movement for the year	257	511
<b>Auditors remuneration</b>		
Audit of the group	73	72
Other non-audit work:		
• Tax	16	7

Included in the audit fee charged for the group for the group was £59k (2018: £58k) for the audit of the parent charity.

## 11. Operating lease commitments

At 31 March 2019 the group has the following annual commitments under non-cancellable operating leases:

	Land and buildings 2019 £'000	Land and buildings 2018 (restated) £'000
Within one year	6,168	5,071
Within two to five years	12,482	12,002
After five years	15,725	16,503
	<b>34,375</b>	<b>33,576</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 2018	110,630	3,176	6,433	4,773	1,989	<b>127,001</b>
Additions	558	6,346	14	691	-	<b>7,609</b>
Disposals	(940)	-	(132)	(206)	(147)	<b>(1,425)</b>
Transfers between classes	5,906	(5,906)	-	-	-	<b>-</b>
<b>Balance at 31 March 2019</b>	<b>116,154</b>	<b>3,616</b>	<b>6,315</b>	<b>5,258</b>	<b>1,842</b>	<b>133,185</b>
<b>Accumulated depreciation</b>						
Balance at 1 April 2018	8,977	-	1,049	2,878	1,730	<b>14,634</b>
Charge for the year	1,141	-	87	613	117	<b>1,958</b>
Disposals	(167)	-	(20)	(62)	(147)	<b>(396)</b>
<b>Balance at 31 March 2019</b>	<b>9,951</b>	<b>-</b>	<b>1,116</b>	<b>3,429</b>	<b>1,700</b>	<b>16,196</b>
<b>Net book value at 31 March 2019</b>	106,203	3,616	5,199	1,829	142	<b>116,989</b>
Less shared investment contribution	(2,453)	-	(906)	-	-	<b>(3,359)</b>
	<b>103,750</b>	<b>3,616</b>	<b>4,293</b>	<b>1,829</b>	<b>142</b>	<b>113,630</b>
<b>Net book value at 31 March 2018</b>	101,653	3,176	5,384	1,895	259	<b>112,367</b>
Less shared investment contribution	(2,471)	-	(963)	-	-	<b>(3,434)</b>
	<b>99,182</b>	<b>3,176</b>	<b>4,421</b>	<b>1,895</b>	<b>259</b>	<b>108,933</b>

**(b) Company**

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
Balance at 1 April 2018	18,357	-	25	4,630	1,989	<b>25,001</b>
Additions	-	-	-	646	-	<b>646</b>
Disposals	(45)	-	(1)	(130)	(147)	<b>(323)</b>
Transfers between classes	-	-	-	-	-	<b>-</b>
Balance at 31 March 2019	18,312	-	24	5,146	1,842	<b>25,324</b>
Accumulated depreciation						
Balance at 1 April 2018	1,163	-	24	2,851	1,730	<b>5,768</b>
Charge for the year	271	-	1	599	117	<b>988</b>
Disposals	-	-	(1)	(56)	(147)	<b>(204)</b>
<b>Balance at 31 March 2019</b>	<b>1,434</b>	<b>-</b>	<b>24</b>	<b>3,394</b>	<b>1,700</b>	<b>6,552</b>
<b>Net book value at 31 March 2019</b>	<b>16,878</b>	<b>-</b>	<b>-</b>	<b>1,752</b>	<b>142</b>	<b>18,772</b>
<b>Net book value at 31 March 2018</b>	<b>17,194</b>	<b>-</b>	<b>1</b>	<b>1,779</b>	<b>259</b>	<b>19,233</b>

## 13. Intangible fixed assets

### (a) Group

	Software £'000	Assets under development £'000	Total £'000
<b>Cost or valuation</b>			
Balance at 1 April 2018	2,631	-	<b>2,631</b>
Additions	9	64	<b>73</b>
Disposals	-	-	-
Transfers between classes	-	-	-
<b>Balance at 31 March 2019</b>	<b>2,640</b>	<b>64</b>	<b>2,704</b>
<b>Accumulated depreciation</b>			
Balance at 1 April 2018	2,236	-	<b>2,236</b>
Charge for the year	365	-	<b>365</b>
Disposals	-	-	-
<b>Balance at 31 March 2019</b>	<b>2,601</b>	<b>-</b>	<b>2,601</b>
<b>Net book value at 31 March 2019</b>	<b>39</b>	<b>64</b>	<b>103</b>
<b>Net book value at 31 March 2018</b>	<b>395</b>	<b>-</b>	<b>395</b>

### (b) Company

	Software £'000	Assets under development £'000	Total £'000
<b>Cost or valuation</b>			
Balance at 1 April 2018	2,387	-	<b>2,387</b>
Additions	-	64	<b>64</b>
Disposals	-	-	-
Transfers between classes	-	-	-
<b>Balance at 31 March 2019</b>	<b>2,387</b>	<b>64</b>	<b>2,451</b>
<b>Accumulated depreciation</b>			
Balance at 1 April 2018	1,992	-	<b>1,992</b>
Charge for the year	362	-	<b>362</b>
Disposals	-	-	-
<b>Balance at 31 March 2019</b>	<b>2,354</b>	<b>-</b>	<b>2,354</b>
<b>Net book value at 31 March 2019</b>	<b>33</b>	<b>64</b>	<b>97</b>
<b>Net book value at 31 March 2018</b>	<b>395</b>	<b>-</b>	<b>395</b>

## 14. Fixed asset investments

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
<b>Equities and multi-asset funds</b>				
Market value at 1 April 2018	6,576	706	6,576	706
Acquisitions	-	6,887	-	6,887
Disposals	(476)	(895)	(476)	(895)
Net investment (losses)/gains	196	(122)	196	(122)
Market value at 31 March 2019	6,296	6,576	6,296	6,576
<b>Bonds, cash and alternatives</b>				
Market value at 1 April 2018	9,001	11,435	9,001	11,435
Acquisitions	1,832	41,124	1,832	41,124
Disposals	(1,493)	(43,496)	(1,493)	(43,496)
Net investment (losses)/gains	21	(62)	21	(62)
Market value at 31 March 2019	9,361	9,001	9,361	9,001
Total value at 31 March 2019	15,657	15,577	15,657	15,577
Cost at 31 March 2019	15,629	15,773	15,629	15,773

Included in market value of investments is an amount for the Mencap visiting service of £5.8m (2018: £5.9m). 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 and multi-asset funds 2019 £'000	Bonds, cash and alternatives 2019 £'000	Total 2019 £'000
<b>Group:</b>			
Equities	4,939	-	4,939
Multi-asset funds	1,357	-	1,357
Bonds	-	2,755	2,755
Alternatives	-	4,820	4,820
Cash	-	1,786	1,786
Market value at 31 March 2019	6,296	9,361	15,657
Market value at 31 March 2018	6,576	9,001	15,577

	Equities and multi-asset funds 2019 £'000	Bonds, cash and alternatives 2019 £'000	Total 2019 £'000
<b>Charity:</b>			
Equities	4,939	-	<b>4,939</b>
Multi-asset funds	1,357	-	<b>1,357</b>
Bonds	-	2,755	<b>2,755</b>
Alternatives	-	4,820	<b>4,820</b>
Cash	-	1,786	<b>1,786</b>
Market value at 31 March 2019	6,296	9,361	<b>15,657</b>
Market value at 31 March 2018	6,576	9,001	<b>15,577</b>

## 15. Subsidiaries

The charity owns 100% of the issued capital of the following companies. Golden Lane Housing Ltd 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	51,176
Mencap Limited	889191	-	Trading activities	-
Mencap Promotions Limited	1016345	-	Promotional and other special events	-
Mencap Trust Company Limited	1233201	-	Discretionary trust management	78

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

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

Mencap Promotions Limited did not trade and 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 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Trading subsidiaries:</b>						
Turnover	-	434	645	-	<b>1,079</b>	1,051
Cost of sales	-	-	(436)	-	<b>(436)</b>	(309)
<b>Gross profit/(loss)</b>	-	434	209	-	<b>643</b>	742
Administration costs	-	(422)	(57)	-	<b>(479)</b>	(543)
<b>Net profit/(loss)</b>	-	12	152	-	<b>164</b>	199
Paid to Royal Mencap Society under gift aid	-	-	(128)	-	<b>(128)</b>	(105)
Provision for tax	-	(2)	-	-	<b>(2)</b>	(4)
<b>Retained in subsidiaries</b>	-	10	24	-	<b>34</b>	90

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 £'000	Golden Lane Housing £'000	Total 2019 £'000	Total 2018 £'000
<b>Charitable companies:</b>				
Incoming resources	189,718	18,526	<b>208,244</b>	202,980
Resources expended	(179,617)	(11,143)	<b>(190,760)</b>	(181,749)
<b>Income/(expenditure) before administration costs</b>	10,101	7,383	<b>17,484</b>	21,231
Administration costs	(12,960)	(4,095)	<b>(17,055)</b>	(14,793)
	(2,859)	3,288	<b>429</b>	6,438
Net gains/(losses) on investments	217	-	<b>217</b>	(184)
<b>Net income/(expenditure)</b>	(2,642)	3,288	<b>646</b>	6,254

## 17. Debtors

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Trade debtors	<b>13,718</b>	14,338	<b>12,859</b>	13,655
Amount due from group undertakings	-	-	<b>3,397</b>	4,174
Other debtors	<b>833</b>	798	<b>881</b>	643
Prepayments	<b>2,768</b>	2,400	<b>2,142</b>	1,811
Accrued income	<b>12,450</b>	11,367	<b>12,080</b>	11,082
	<b>29,769</b>	28,903	<b>31,359</b>	31,365

Included in the net amounts due from group undertakings is a loan from the charity to Golden Lane Housing Limited for £3.121m (2018: £3.495m) 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 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Obligations under finance leases	<b>151</b>	232	<b>151</b>	232
Trade creditors	<b>2,280</b>	2,911	<b>1,924</b>	2,587
Taxation and social security costs	<b>2,544</b>	2,468	<b>2,544</b>	2,468
Other creditors	<b>1,703</b>	3,298	<b>1,703</b>	3,262
Accruals	<b>5,848</b>	6,760	<b>4,942</b>	4,719
Deferred income	<b>7,424</b>	4,590	<b>6,064</b>	4,590
Current portion of long term loans	<b>1,148</b>	1,107	<b>60</b>	60
	<b>21,098</b>	21,366	<b>17,388</b>	17,918

### Deferred income movement:

	Group 2019 £'000	Charity 2019 £'000
Balance at 1 April 2018	<b>4,590</b>	4,590
Amount released in the year	<b>(4,590)</b>	(4,590)
Amount deferred in the year	<b>7,424</b>	6,064
Balance at 31 March 2019	<b>7,424</b>	6,064

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 2019, the charity holds £1,832,920 (2018: £1,464,149) 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 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Obligations under finance leases, two to five years	55	212	55	212
Debenture loan	26,000	21,000	-	-
Bank loan	22,193	23,319	780	840
	48,248	44,531	835	1,052

### Mencap

In 2007, Mencap 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 2019, the value of the loan stood at £0.8m. The loan agreement is secured by an unlimited guarantee between Royal Mencap Society, 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 was repaid early in January 2018.

During 2014 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.

In November 2017 Golden Lane Housing issued through the intermediary of Retail Charity Bond a new bond totalling £10m paying a yield of 3.9%. The bond issue was fully subscribed and the full £10m was duly received and used to refinance the 2013 bond described above. The bond is repayable in November 2027.

#### 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 secured on freehold land and buildings. £20.12m of the total is subject to fixed interest rates at 31 March 2019, with the remaining balance subject to variable interest rates.

The group loans are repayable as follows:

	2019 £'000	2018 £'000
Under 1 year	<b>1,148</b>	1,107
Between 1-2 years	<b>1,165</b>	1,127
Between 2-5 years	<b>14,776</b>	14,653
Over 5 years	<b>32,252</b>	28,539
	<b>49,341</b>	45,426

## 20. Financial instruments

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Financial assets measured at amortised cost (a)	<b>29,088</b>	38,869	<b>31,304</b>	35,667
Financial assets measured at fair value (b)	<b>15,657</b>	15,577	<b>15,657</b>	15,577
Financial liabilities measured at amortised cost (c)	<b>(59,378)</b>	(58,839)	<b>(9,615)</b>	(11,912)

(a) Financial assets include cash, trade debtors, intercompany debtors, other debtors and accrued income

(b) Financial assets held at fair value consist of investments. Fair value is the market value of these investments as determined by quoted prices in an active market

(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 2019 £'000	Expense 2019 £'000	Gains/ (losses) 2019 £'000	Income 2018 £'000	Expense 2018 £'000	Gains/ (losses) 2018 £'000
Financial assets measured at amortised cost	<b>29</b>	-	-	13	-	-
Financial assets measured at fair value	<b>282</b>	-	<b>217</b>	109	-	(184)
Financial liabilities measured at amortised cost	-	<b>(2,172)</b>	-	-	(1,958)	-

## 21. Provisions for liabilities and charges

### (a) Group

	Mencap visiting service £'000	Dilapidations £'000	Employee benefits £'000	Other £'000	Total £'000
<b>Balance at 31 March 2018</b>	4,606	1,298	834	576	<b>7,314</b>
Amount utilised in the year	(300)	(2)	(834)	(599)	<b>(1,735)</b>
Amount released in the year	-	(73)	-	-	<b>(73)</b>
Amount provided in the year	610	101	684	710	<b>2,105</b>
<b>Balance at 31 March 2019</b>	4,916	1,324	684	687	<b>7,611</b>

### (b) Company

	Mencap visiting service £'000	Dilapidations £'000	Employee benefits £'000	Other £'000	Total £'000
<b>Balance at 31 March 2018</b>	4,606	1,033	834	576	<b>7,049</b>
Amount utilised in the year	(300)	(2)	(834)	(595)	<b>(1,731)</b>
Amount released in the year	-	(73)	-	-	<b>(73)</b>
Amount provided in the year	610	57	684	703	<b>2,054</b>
<b>Balance at 31 March 2019</b>	4,916	1,015	684	684	<b>7,299</b>

## 22. Analysis of assets and liabilities between funds

### Group

	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2018 £'000
Fixed assets	29,988	99,402	<b>129,390</b>	29,213	95,692	124,905
Current assets	3,572	37,122	<b>40,694</b>	4,783	37,532	42,315
Liabilities	(5,174)	(82,453)	<b>(87,627)</b>	(5,480)	(78,506)	(83,986)
<b>Total</b>	28,386	54,071	<b>82,457</b>	28,516	54,718	83,234



## 23. Group funds

	Balance 1 April 2017 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000
<b>Restricted</b>					
Homes	265	7	(12)	-	-
Inspired Educators	2	-	(2)	-	-
Learning and Development restricted training	1	-	-	-	-
Mencap visiting service	304	98	479	-	(90)
NewBe project	3,886	10	(233)	-	-
Research fund	19	-	-	-	-
Rothenberg fellowship	119	-	-	-	-
Rothenberg Memorial Trust	28	-	-	-	-
Service provision - Communities and Programmes	418	246	(392)	97	-
Service provision - Lifestyles and Work	458	449	(528)	-	-
Service provision - Personal Support	348	1,936	(1,922)	15	-
Service provision - Strategy and Influence	781	1,250	(1,477)	(49)	-
Service provision - other	876	1,038	(31)	299	-
Service provision - Golden Lane Housing	18,746	1,056	(150)	32	-
Young Ambassadors	119	-	-	-	-
Special Contingency	20	-	-	-	-
	26,390	6,090	(4,268)	394	(90)
<b>Unrestricted</b>					
General	56,324	197,658	(192,250)	(2,230)	(94)
<b>Designated reserves:</b>					
Maintenance funds	244	-	-	(244)	-
Seed capital	28	-	-	87	-
VAT for development project	57	-	-	(57)	-
Non repayable grants	5,476	-	-	(109)	-
Tenants support fund	603	-	-	-	-
House to Home Funds	-	-	-	-	-
Pension deficit	(20,665)	-	(688)	2,159	8,419
	42,067	197,658	(192,938)	(394)	8,325
<b>Total funds</b>	68,457	203,748	(197,206)	-	8,235

Balance 1 April 2018 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	Balance 31 March 2019 £'000
260	15	(18)	5	-	<b>262</b>
-	-	-	-	-	<b>-</b>
1	-	-	-	-	<b>1</b>
791	165	(640)	-	135	<b>451</b>
3,663	-	(144)	-	-	<b>3,519</b>
19	-	-	-	-	<b>19</b>
119	-	-	(9)	-	<b>110</b>
28	-	-	-	-	<b>28</b>
369	681	(958)	812	-	<b>904</b>
379	1,413	(1,542)	22	-	<b>272</b>
377	2,287	(2,271)	-	-	<b>393</b>
505	895	(1,121)	71	-	<b>350</b>
2,182	408	(462)	(838)	-	<b>1,290</b>
19,684	1,075	(40)	-	-	<b>20,719</b>
119	-	(71)	-	-	<b>48</b>
20	-	-	-	-	<b>20</b>
28,516	6,939	(7,267)	63	135	<b>28,386</b>
59,408	202,353	(201,005)	(1,811)	82	<b>59,027</b>
-	-	-	-	-	<b>-</b>
115	-	-	(40)	-	<b>75</b>
-	-	-	-	-	<b>-</b>
5,367	31	-	(54)	-	<b>5,344</b>
603	-	-	-	-	<b>603</b>
-	-	-	(307)	-	<b>(307)</b>
(10,775)	-	(574)	2,149	(1,470)	<b>(10,670)</b>
54,718	202,384	(201,579)	(63)	(1,388)	<b>54,072</b>
83,234	209,323	(208,846)	-	(1,253)	<b>82,458</b>

## 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.
- Research Fund - used to sponsor medical research into the causes of learning disabilities.
- Rothenberg Fellowship - used to sponsor students from overseas to study learning disabilities, with an aim of increasing international awareness.
- Rothenberg Memorial Trust - provides income for the special contingency fund.
- Service provision - restricted by funders and donors to specific areas of Mencap and Golden Lane Housing's core services. 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 held an amount in designated funds to cover the potential dilapidation liability for all leased properties. During the year, it decided to make a specific provision for dilapidations and therefore released this designated fund.
- Seed capital - an amount is designated to be used in adapting properties for existing tenants. It has increased due to further donations during the year. This will be used where required to make future schemes viable, and the timing is therefore uncertain.

- 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. In April 2017 it was transferred to general reserves.
- House to Home - this is a new fund for 2018/19 raised by Royal Mencap Society and granted to Golden Lane Housing to support property adaptations.
- Non repayable grants - this amount has been used to finance the purchase and development of properties held in fixed assets. The properties are depreciated over 100 years. Funds will be reinvested in capital should the properties be disposed of, but there are currently no plans to do so.
- 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. It will be maintained at the same level until the impact of universal credit on Golden Lane Housing is clearly determined. The timing of this is uncertain.

### **Transfers**

In addition to the transfers related to restricted and designated funds detailed above, £2,149,000 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.

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 19 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 2017 and Mencap agreed to continue with a schedule of contributions 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 2019 the total scheme liabilities were valued at £147.7 million and the assets at £138.8 million. The net deficit is therefore £8.9 million. This is largely unchanged from the net deficit of £8.9 million reported last year.

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

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

#### Financial assumptions

	31 March 2019 % per annum	31 March 2018 % per annum
Retail price inflation (% p.a.)	<b>3.35%</b>	3.25%
Consumer price inflation (% p.a.)	<b>2.35%</b>	2.25%
Discount rate	<b>2.40%</b>	2.65%

The demographic assumptions used are:

#### Longevity assumptions as at 31 March 2019

	Male	Female
Base table	Bespoke 2016 Club VITA tables	
Future improvements	CMI 2016 model with a long term rate of improvement of 1.5% and a smoothing parameter of S =8.0	CMI 2016 model with a long term rate of improvement of 1.5% and a smoothing parameter of S =8.0

**Life expectancies as at:**

	31 March 2019		31 March 2018	
	Males	Females	Males	Females
Average future life expectancy (in years) for a pensioner aged 65 at 31 March 2019	<b>21.9</b>	<b>24.9</b>	21.5	24.2
Average future life expectancy (in years) at age 65 for a non-pensioner aged 45 at 31 March 2019	<b>23.9</b>	<b>26.6</b>	23.8	26.4

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

**Assets**

	Fund value 31 March 2019	Fund value 31 March 2018
	£'000	£'000
Liability driven investment	<b>25,187</b>	31,000
Investment grade credit (corporate bonds)	<b>77,706</b>	25,500
Equities	-	19,100
Diversified growth fund	<b>10,015</b>	-
Infrastructure	<b>15,028</b>	-
Emerging market debt	-	6,300
Alternatives	-	43,300
Insurance contracts	<b>3,105</b>	3,107
Cash and cash equivalents	<b>7,787</b>	2,857
<b>Total value of assets</b>	<b>138,828</b>	131,164
Actuarial (value) of liabilities	<b>(147,735)</b>	(140,109)
<b>Surplus/(deficit) of funded plan liabilities</b>	<b>(8,907)</b>	(8,945)
Actuarial (value) of unfunded plan liabilities	-	-
Irrecoverable (surplus)	-	-
<b>Surplus/(deficit) recognised in balance sheet</b>	<b>(8,907)</b>	(8,945)
Related deferred tax liability	-	-
<b>Net pension asset/(liability)</b>	<b>(8,907)</b>	(8,945)

## Reconciliation of plan benefit obligation

	March 31 2019 £'000	March 31 2018 £'000
Opening defined benefit obligation	140,109	146,428
Current service cost	-	-
Administration costs	-	-
Interest cost	3,651	3,750
Contributions by Plan participants	-	-
Actuarial (gains)/losses	8,122	(5,590)
Past service cost	182	-
Losses/(gains) on curtailments	-	-
Liabilities (extinguished) on settlements	-	-
Liabilities assumed in a business combination	-	-
Exchange differences	-	-
Benefits (paid)	(4,329)	(4,479)
<b>Closing define benefit obligation</b>	<b>147,735</b>	<b>140,109</b>

## Reconciliation of fair value of plan assets

	31 March 2019 £'000	31 March 2018 £'000
Opening fair value of Plan assets	131,164	127,654
Interest income	3,440	3,289
Contributions by Plan participants	-	-
Contributions by Royal Mencap Society	2,100	2,100
Actual return on assets excluding amounts included in net interest	6,453	2,600
Assets distributed on settlements	-	-
Assets acquired in a business combination	-	-
Exchange differences	-	-
Benefits (paid)	(4,329)	(4,479)
<b>Closing fair value of Plan assets</b>	<b>138,828</b>	<b>131,164</b>

### Analysis of amount charged to operating profit

	31 March 2019 £'000	31 March 2018 £'000
Current service cost	-	-
Administration costs	-	-
Past service (cost)	(182)	-
(Losses)/gains on curtailments and settlements	-	-
Total operating charge	(182)	-

### Analysis of amount credited to other finance income

	31 March 2019 £'000	31 March 2018 £'000
Interest income on Plan assets	3,440	3,289
(Interest) on Plan liabilities	(3,651)	(3,750)
Impact of asset ceiling on net interest	-	-
Net interest on defined benefit liability	(211)	(461)
Total amount charged to profit and loss (total operating charge less net interest)	(393)	(461)

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

	31 March 2019 £'000	31 March 2018 £'000
Actual return on assets excluding amounts included in net interest	6,453	2,600
Actuarial gains/(losses) on Plan obligations	(8,122)	5,590
Remeasurement gain/(loss) in Plan	(1,669)	8,190
Decrease/(increase) in irrecoverable surplus from membership fall and other factors	-	-
Remeasurement gain/(loss) recognised in OCI	(1,669)	8,190

### Sensitivity analysis

#### Change in assumptions compared with 31 March 2019 actuarial assumptions:

	Actuarial value of liabilities on 31 March 2019 £'000
Base case	147,735
-0.5% decrease in discount rate	162,384
1 year increase in member life expectation	153,644
+0.5% change in inflation	157,307

## Local authority pension schemes

### Nottinghamshire County Council Pension Scheme

The Nottinghamshire County Council Pension Fund is a defined benefit scheme with 19 members at 31 March 2019. 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 2019 was 14.4% and this was expensed during the year. Contributions have been set at 14.4% for 2019/20.

The estimated asset allocation at 31 March 2019 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £1.71 million. This deficit has been treated as an expense during the year and is included in the balance sheet.

### Staffordshire County pension fund

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

The 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 2019.

Mencap had no active members in the pension scheme in the year to 31 March 2019 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 2019	31 March 2018
	% p.a.	% p.a.
RPI increases	3.35%	3.30%
CPI increases	2.35%	2.30%
Salary increases	3.85%	3.80%
Pension increases	2.35%	2.30%
Discount rate	2.45%	2.60%

### The demographic assumptions used are:

Life expectancy from age 65	31 March 2019	31 March 2018
Retiring today:		
Males	21.6	22.6
Females	24.4	25.6
Retiring in 20 years:		
Males	23.3	24.8
Females	26.2	27.9

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

	31 March 2019	31 March 2018
	£'000	£'000
Present value of the defined benefit obligation	(4,349)	(4,147)
Fair value of Fund assets (bid value)	2,634	2,365
Deficit	(1,715)	(1,782)

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

	31 March 2019	31 March 2018
	£'000	£'000
Opening defined benefit obligation	4,147	4,087
Current service cost	134	176
Interest cost	108	114
Change in financial assumptions	229	(232)
Change in demographic assumptions	(252)	-
Experience loss/(gain) on defined benefit obligation	-	-
Liabilities assumed/(extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(38)	(24)
Past service costs, including curtailments	-	-
Contributions by Scheme participants	21	26
Unfunded pension payments	-	-
<b>Closing defined benefit obligation</b>	<b>4,349</b>	<b>4,147</b>

## Reconciliation of the fair value of Fund assets

	31 March 2019	31 March 2018
	£'000	£'000
Opening fair value of Fund assets	2,365	2,244
Interest on assets	62	64
Return on assets less interest	176	(3)
Other actuarial gains/(losses)	-	-
Administration expenses	(1)	(1)
Contributions by employer including unfunded	49	59
Contributions by Fund participants	21	26
Estimated benefits paid plus unfunded net of transfers in	(38)	(24)
Settlement prices received/(paid)	-	-
<b>Closing defined benefit obligation</b>	<b>2,634</b>	<b>2,365</b>

## Analysis of amount charged to operating profit

	31 March 2019	31 March 2018
	£'000	£'000
Current service (cost)	(134)	(176)
Administration costs	-	-
Past service cost	-	-
(Losses)/gains on curtailments and settlements	(1)	(1)
<b>Total operating charge</b>	<b>(135)</b>	<b>(177)</b>

## Analysis of amount credited to other finance income

	31 March 2019	31 March 2018
	£'000	£'000
Interest income on Plan assets	-	-
(Interest) on Plan liabilities	(46)	(50)
Impact of asset ceiling on net interest	-	-
<b>Net interest on net define benefit liability</b>	<b>(46)</b>	<b>(50)</b>
<b>Total amount charged to profit and loss (total operating charge less net interest)</b>	<b>(181)</b>	<b>(227)</b>

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

	31 March 2019	31 March 2018
	£'000	£'000
Return on Plan assets in excess of interest	176	(3)
Other actuarial gains/(losses) on assets	-	-
Change in financial assumptions	(229)	232
Change in demographic assumptions	252	-
Experience gain/(loss) on defined benefit obligation	-	-
Changes in effect of asset ceiling	-	-
<b>Remeasurement of the net assets/(defined liability)</b>	<b>199</b>	<b>229</b>

## Summary of amounts disclosed in the accounts

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

	2019 £'000	2018 £'000
Mencap pension scheme	(182)	-
Nottinghamshire County Council Pension Fund	(135)	(177)
	(317)	(177)

### Amount recognised in finance income

	2019 £'000	2018 £'000
Mencap pension scheme	(211)	(461)
Nottinghamshire County Council Pension Fund	(46)	(50)
	(257)	(511)

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

	2019 £'000	2018 £'000
Mencap pension scheme	(1,669)	8,190
Nottinghamshire County Council Pension Fund	199	229
	(1,470)	8,419

### Defined benefit pension liability

	2019 £'000	2018 £'000
Mencap pension scheme	(8,907)	(8,945)
Nottinghamshire County Council Pension Fund	(1,715)	(1,782)
Staffordshire County Pension Fund	(48)	(48)
	(10,670)	(10,775)

## 25. Related parties

Donations totalling £524 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 - £439,088
- Mencap Limited paid annual earnings of £139,082 to the charity by way of gift aid
- A total of £210,846 of other expenses incurred within the group were reallocated between the charity and its subsidiaries

At 31 March 2019, the following intercompany balances were outstanding between the charity and its subsidiaries:

	2019 £'000	2018 £'000
Golden Lane Housing Ltd - loan	3,121	3,495
Golden Lane Housing Ltd - other	(200)	134
Mencap Limited	100	87
Mencap Promotions Limited	-	18
Mencap Trust Company Limited	376	283
	3,397	4,017

## 26. 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:

	2019 Number of volunteers
<b>Raising funds:</b>	
Raising funds	363
Trading	800
<b>Total raising funds</b>	<b>1,163</b>
<b>Charitable activities:</b>	
Reducing stigma and discrimination	50
Social care	328
Supporting friendships and relationships	313
Improving health	37
Early intervention	21
Employment	65
Other	57
<b>Total charitable activities</b>	<b>871</b>
	<b>2,034</b>

## 27. Capital commitments

At 31 March 2019, the group has the following capital commitments. All are commitments of Golden Lane Housing Ltd:

	2019 £'000	2018 £'000
Capital expenditure contracted but not provided for in the financial statements	1,005	176
Capital expenditure authorised by the board but not contracted for	10,000	10,000
	11,005	10,176

These commitments are expected to be financed with:

	2019 £'000	2018 £'000
Proceeds from the sale of properties	3,005	176
Committed loan facilities	8,000	10,000
	11,005	10,176

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

## 28. 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 expecting a Supreme Court hearing in February 2020 concerning the application of average national minimum wage (NMW) to non-contractual sleep-in hours carried out by our support workers.

The Supreme Court hearing will affect the potential liability for historic payments prior to April 2017, as since this date Mencap has included sleep-in hours in NMW calculations. A liability could involve almost 3,500 past and current members of staff and may be applied over a 6 year period.

Due to there being no obligation under current legislation and the outcome of legal proceedings being uncertain, no provision has been recognised within the financial statements. However, in order to provide stakeholders with guidance around the potential impact, a contingent liability of up to £16.8m is noted. At the date of signing the financial statements, this is the best estimate of the maximum liability Mencap might 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 payment may be determined.

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

Non-adjusting events occurring after the end of the reporting period: None.







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