



Directors' report, Trustees' strategic report & consolidated financial statements

For the year ended 31 March 2019

Rethink Mental Illness

(Operating name of the National Schizophrenia Fellowship)
(a company limited by guarantee)

Registered Company number 1227970, Registered Charity number 271028

Challenging attitudes, changing lives.

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Introduction

The Trustees of Rethink Mental Illness present their Directors' report and their Trustees' strategic report, which together comprise the Trustees annual report, and the consolidated financial statements for the Charity for the year ended 31 March 2019 as required under the Charities Act 2011 and the Companies Act 2006.

A message from our Chair of Trustees

Nearly 50 years ago carers of people living with a diagnosis of schizophrenia came together in response to an article in The Times by John Pringle. Recognising the lack of support for those severely affected by mental illness, and for those caring for them, they founded the National Schizophrenia Fellowship, later to become Rethink Mental Illness.

Today we support thousands of people to get through crises, live independently and feel that they do not have to face living with mental illness alone. Across England we deliver a diverse range of services, including supported housing, resettlement work in prisons, one-to-one help for carers and group activities for people leaving hospital. All are founded on the knowledge that with the right care and support people severely affected by mental illness can live fulfilling lives in the community. These services are supplemented by our peer support groups led by people with lived experience or by carers and family members. We also run a national helpline and provide award-winning factsheets on our website, which are free at the point of need.

Our services make a huge difference to people's lives, but they cannot deliver our mission to lead the way to a better quality of life for everyone severely affected by mental illness on their own. This also requires us to change laws and policies that negatively impact on people living with mental illness.

The involvement of people with lived experience and their carers is central to the work we do, and it also informs, guides and directs our campaigns. In 2018/19, working with partners from across the mental health sector, we focused on three key issues: delivering the right service at the right time for people severely affected by mental illness, challenging a welfare system that penalises rather than supports the most unwell and reforming the Mental Health Act. The latter pushing for more say for those personally affected by mental illness as well as for their carers.

In a time of continued austerity, and despite victories on supported housing and Personal Independence Payments, inadequacies and changes in welfare benefits continue to have a detrimental effect on people living with mental illness and often cause distress. This is something on which we will continue to push for change. However, more positively, we are on the cusp of significant and lasting change in the reform of the Mental Health Act and on the funding of services. The NHS England Long Term Plan provides the ambition and means to deliver community-based services that we know make a difference to people's lives, recognising that good care and support exist beyond the boundaries of the GP surgery and specialist mental health units.

Alongside these developments, we too must change to ensure we are best placed to support our beneficiaries. In 2018/19 we continued to transform the charity through effective leadership and delivery. Our new services strategy - A better life - outlines our ambitions to develop our services over the next five years. Building on the work we already do, it focuses on identifying new and emerging opportunities to expand our service offer where we know we can have the greatest impact.

This strategy is supported by a transformational approach to our corporate services – Finance, HR and ICT – to ensure effective support for our campaigns and services.

The dedication, commitment and hard work of our staff, supporters, members and volunteers is changing lives for the better. I believe the founders of Rethink Mental illness would be proud of our achievements and share my optimism that we are creating a better world for people severely affected by mental illness.

Philippa Lowe
Chair of Trustees

Directors' report

Name and nature of the Charity

Rethink Mental Illness is the operating name of the National Schizophrenia Fellowship. The Charity was formed in 1972 and is registered with the Charity Commission of England and Wales. The Charity is also a company limited by guarantee and is governed by its Articles of Association.

The term "Charity" refers to Rethink Mental Illness and the term "Group" refers to Rethink Mental Illness together with its subsidiaries as set out in note 19.

Reference and administrative details

Registered Office

15th Floor
89 Albert Embankment
London
SE1 7TP

Registered Charity Number (England and Wales): 271028

Company Registration Number: 1227970

The Trustees of Rethink Mental Illness are the Charity's Trustees under charity law and the Directors of the Charitable Company. During 2018/19 the Trustees were:

Chair of the Board

Philippa Lowe

Regional Members of the Board

Shaun Johnson – Vice chair
Denise Porter – Vice chair
Aphra Tulip
Jane Watkinson
Frances Ashworth
Chris Lynch

Co-opted Members of the Board

Daniel Fletcher
George Hook - Treasurer
John Liver
Kathryn Tyson
Ian Jackson (from 28 February 2019)

The day-to-day management of Rethink Mental Illness is led by the Chief Executive on authority delegated by the Board of Trustees. The Chief Executive and the senior executive officers of the Charity form the Executive Team, and each has clearly defined areas of responsibility and accountability.

Executive Officers

Mark Winstanley: Chief Executive

Caroline Cannar: Company Secretary

Andrew Hodges: Chief Operating Officer and Deputy
Chief Executive (to 30 April 2018)

Brian Dow: Director of External Affairs and from 1 May
2019 Deputy Chief Executive

Kelly Brown: Director of Corporate Resources Mark

Yates: Director of Operations

The Executive Team is complemented by the Senior Management Team, which draws together Associate Directors from each of the Charity's main activities.

The Charity's main professional advisors during the year were:

Auditors

Crowe U.K. LLP
St Bride's House,
10 Salisbury Square,
London, EC4Y 8EH

Bankers

NatWest Commercial Office
2nd Floor, 2 Trinity Court,
Wolverhampton Business Park,
Broadlands,
Wolverhampton, WV10 6UH

Solicitors

Bates, Wells & Braithwaite
10 Queen Street Place,
London,
EC4R 1BE

Insurers

Zurich Municipal
Zurich house,
2 Gladiator Way,
Farnborough,
GU14 6GB

Investment Managers

Investec Wealth & Investment Ltd
2 Gresham Street,
London,
EC2V 7QN

Internal Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Mazars
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Employees and volunteers

Rethink Mental Illness has a diverse and committed workforce of over 700 staff. We are an accredited ILM provider, a Disability Confident Employer and hold an Investors in People Silver award. We carry out an equality impact assessment on all new policies that are developed for use within the Charity.

We are working towards becoming a 'National Living Wage' Employer and in 2018/19 we bridged the gap between the National Minimum Wage and the National Living Wage, by uplifting our lowest paid staff. This means that all Rethink Mental Illness staff are paid above the National Minimum Wage.

Our Staff Engagement Committee provides an opportunity for staff to share views and raise concerns to management, which openly welcome questioning, probing and the challenging of management proposals. Its aim is to encourage discussion and consensus among Rethink Mental Illness staff at all levels and to ensure decision-making is fair and representative. The Committee has representatives from all areas of the Charity and meets six times a year.

Our staff are supported by a growing number of volunteers, who contribute their time in a wide variety of ways. From involvement with local services and sitting on governance committees they make a real difference. Rethink Mental Illness acknowledges this with grateful thanks.

Rethink Mental Illness is also grateful for the support and commitment of thousands of active campaigners who have acted to secure positive change for people experiencing mental illness, challenging decision-makers at both a national and local level.

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Charitable Company's auditors are unaware; and each Trustee has taken all the steps they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information.

Strategic Report for the year ended 31 March 2019

Our mission

Leading the way to a better quality of life for everyone severely affected by mental illness.

Our vision

We want equality, rights, fair treatment and the maximum quality of life for all those affected by mental illness, their carers, family and friends.

As one of the largest charitable providers of services for people with mental illness, we are well placed to make a direct impact on the care and support people receive.

But we have a much larger vision – to transform at every level the way our nation approaches mental illness.

Our values

Hope

We offer hope of a better quality of life for all those severely affected by mental illness.

Understanding

People who are severely affected by mental illness are at the heart of everything we do in our organisation – our membership, our governance and our workforce.

Expertise

We constantly use our expertise to provide practical and personal support for people who are severely affected by mental illness.

Commitment

We work tirelessly to provide support for everyone severely affected by mental illness.

Passion

We are passionate about leading the way to a better quality of life for everyone severely affected by mental illness.

Openness

We are open and transparent in all our work with beneficiaries, supporters, partners and the public to achieve change for people severely affected by mental illness.

Our corporate objectives

We deliver our mission as a provider of services and through campaigning and influencing policy, with people who have lived experience of mental illness.

Our corporate objectives for 2016 – 2021 are:



What we do

People with experience of mental illness are at the heart of everything we do.

They shape our expert advice, information and training and around 200 services – everything from housing to community-based services. And they drive our campaigning to change the law and tackle discrimination. Together, we run over 100 local groups which provide vital peer support in the community.

We know, from our vast experience, that people severely affected by mental illness can have a good quality of life.

Working alongside the people we support, we are saving lives.

Membership

Our members are central to our past and our future. We were formed nearly 50 years ago by carers of people living with schizophrenia. Our first members laid the foundations for the charity that exists today, which now helps thousands of people severely affected by mental illness.

At the end of March 2019 our members numbered 2,497. Our many thousands of campaigners, supporters and donors, along with our members, give Rethink Mental Illness its mandate. Members are engaged in campaigns and policy development and are an important source of volunteers for our governance and peer support groups. They help shape the direction of Rethink Mental Illness through the Annual General Meeting (AGM) and the work of the Board of Trustees and other committees at national and regional levels.

Membership also provides people with a sense of belonging to an organisation that helps them to cope with the demands of living with severe mental illness, whether they have direct experience, or are a carer, relative or friend.

If you are not a member then please do join us (www.rethink.org/members).

Our annual National Members' Day brings together members to interact, learn about developments within the field of mental illness, participate in our AGM and celebrate the achievements of people who have contributed to work of the Charity over the past year. In November 2018, Members' Day was held in Sheffield and was attended by over 100 members, staff and volunteers.

Involvement, peer support and groups

The involvement of people with lived experience of mental illness remains crucial to the Charity. Our Lived Experience Advisory Board now meets four times a year to develop and monitor the effective involvement of people with lived experience and their carers, families and friends in our work. An involvement/coproduction working group also meets to identify and develop tools to help improve practice and breakdown barriers to meaningful involvement and a new quality framework embeds the principles of involvement across all our work as a Charity.

Within our external affairs departments, our Campaigns and Policy Team are informed by 'lived experience' at all levels and a newly formed Communications and Marketing Advisory Panel now supports the work of the Communications Team by reviewing and improving materials and copy.

Supported by our Involvement Team our groups network has continued to grow and we now have 132 registered groups. Reflecting the need for greater diversity this includes two new BME groups and a Trans carers' group. Across 2018/19 these groups have continued to provide much needed peer support alongside supporting our work in campaigning, business development and fundraising.

Advice and information

Our Advice & Information Service provides advice by telephone, email and letter to anyone affected by mental illness across England. In 2018/19 we directly supported 6,746 individuals on 13,623 issues.

- 93% of people felt more able to take action,
- 95% had more knowledge of the support available,
- 97% would recommend the service to their family and friends,
- and 98% felt they had been treated with respect and dignity.

In addition, we provide 119 authoritative factsheets on our website, which are regularly reviewed and updated, covering conditions, symptoms, living with mental illness and people's rights

External training

We deliver training courses to a very wide range of organisations from across the corporate and third sectors. Our half and one day courses cover:

- Mental Health Awareness
- Mental Health Champions
- Mental Health in the Workplace
- Mental Health in the Workplace for Managers
- Wellbeing, Mindfulness and Resilience

We also provide a two-day Mental Health First Aid course (Adult and Youth versions).

In 2018/19 we delivered a total of 313 days of face-to-face training courses to 3,693 people (an increase of 36% on 2017/18).

Feedback is extremely positive: 100% of participants found our own Rethink Mental Illness designed half and one-day courses useful, and felt they improved their “understanding of mental health” by 50.4%, their “confidence in recognising signs of mental health problems” by 49.3%, and their “knowledge of reliable sources of information and support related to mental health” by 58.6%. 97% of participants were confident they would use the learning in their work or in their personal lives and 99.84% would recommend the course to others.

Outcomes were similar from the two-day Mental Health First Aid courses we delivered, with participants improving their “knowledge and understanding of how best to support others with a mental health problem” by 76.9%, and their “personal confidence of how best to support others with a mental health problem” by 84.4%.

Communications and marketing

To build a growing movement of supporters and to ensure that more people can access relevant advice and information, our Communications Team promotes the Charity’s services, groups and campaigns and our expertise in advice, information, involvement and training.

Between April 2018 and March 2019, Rethink Mental Illness was mentioned in the media 2,823 times and at the end of the year we had secured a combined social media following – across Facebook, Instagram and Twitter – of over half a million.

Public benefit

The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit. They have considered the requirements of the public benefit test and are satisfied that the Charity’s activities meet these criteria.

We deliver our charitable objectives through our services, which directly supported more than 16,000 people, and 132 support groups funded by voluntary and statutory sources. These support our long-standing charitable objectives which are defined as “to provide relief and support for sufferers and their families severely affected by schizophrenia and related conditions”.

We provide information, advice, support and services to anyone severely affected by mental illness, their families and carers, in areas such as housing, welfare, training, employment, advocacy and crisis intervention.

Our strategic work priorities

In April 2018, we focused our strategic priorities on two areas. These were:

- Priority 1: Developing and delivering high quality services which meet the needs of our beneficiaries and commissioners. Ensuring the sustainability of our Charity through income generation.
- Priority 2: Campaigning to transform the lives of people severely affected by mental illness and those who care for them.

How we’ve delivered on our Strategic Priorities in 2018/19

Priority 1: Developing and delivering high quality services which meet the needs of our beneficiaries and commissioners. Ensuring the sustainability of our Charity through income generation.

In 2018/19 we launched our new services strategy – A better life. It focuses on the crucial role our services play in delivering Rethink Mental Illness’s mission and recognises that by using our collective expertise across the Charity we can reach more people and help create change in the health and social care system.

Through the breadth of our activity we provide a unique offer to the sector – service delivery with the added value of our groups, advice and information and fundraising expertise. The ability to mobilise campaigns and policy influencing activity helps us to generate a positive cycle – where the requirement for more services to meet unmet need grows.

It outlines our ambitions to develop our services over the next five years. Building on the work we already do in England; it focuses on identifying new and emerging opportunities to expand our service offer where we know we can have the greatest impact. In particular, where we can meet an ‘unmet’ need. It seeks alignment with the emerging policy landscape for mental health services, framed in the context of New Care Models (supporting people to step-down from secure care and be supported closer to home); the NHS England Five Year Forward View and the recently published NHS England Long Term Plan.

To support the delivery of our strategy we reconfigured the senior management team within our services directorate - aligning our operating structure, which recognises the specialisms and diversity of our services portfolio. We have also more closely aligned our business development activity with our service delivery teams.

While the general commissioning landscape for health and social care services remains a challenging one, with local authority commissioners in particular continuing to look for savings across service delivery, we have led new activity with partners across the country which looks to build on our existing relationships and service portfolio. Notably connected to the emerging work of New Care Models and the NHS England Long Term Plan. Income received from the provision of services makes up a significant proportion of the Charity’s income. This provision enables us to remain at the forefront of understanding the impact of mental illness on people’s lives and helps us to understand how we can diversify our service offer to provide the best outcomes for people who need our expert support. In addition, we can reflect the real experiences of people with mental illness in our campaigns and policy activity, ensuring the voices of people using our services are heard.

Our services generate around £23.8m income and directly supported more than 16,000 people, across the following services:

Advocacy	8,247
Community	3,610
Crisis, recovery and nursing	1,389
Criminal justice and secure care	1,363
Housing	1,233
Carers support	924
TOTAL	16,766

Advocacy

In homes, care homes, hospitals, local communities and secure settings, we empower people by helping them voice their opinions and feelings, stand up for their rights and access the services they need. And if they don’t feel able or lack the capacity to do this, we will represent their interests and speak up on their behalf, so their views and concerns are heard.

In 2018/19 our growing advocacy service provision helped over 8,000 people improve their mental and physical health, access appropriate housing, receive financial support they’re entitled to, become more independent and progress towards self-advocacy. At the start of 2018/19 we were successful in bidding for a brand-new advocacy

service across the county of Essex. The service has become one of our largest contracts, employing around 35 staff and supporting over 2,000 people between April 2018 and March 2019.

Contracted advice and helplines

In addition to our Advice and Information Service detailed above, which provides advice to anyone affected by mental illness across England, we continue to provide additional helpline services connected to service contracts, including our Sheffield and Doncaster crisis houses and a self-harm helpline in Gloucestershire. In 2018/19 they responded to 16,660 enquiries.

Community

Our range of community support services give people severely affected by mental illness access to personalised help that can rebuild their confidence, help them stay in or return to work, and take part in social activities they enjoy.

Working across 30 locations in England we now support over 3,000 people through our community services.

Crisis, recovery and nursing

We provide safe, therapeutic spaces that offer specialist support to people who are facing a mental health crisis or have left hospital after being an inpatient. Providing an innovative and cost-effective alternative to hospital admissions.

Commissioners are increasingly interested in our service models as a way of keeping people safe and well outside of an inpatient setting, which we believe is better for a person's recovery. In 2018/19 we successfully piloted the use of some rooms in our care homes as short-term crisis beds to support the NHS through winter pressures. The success of the pilot saw the crisis provision continue when additional funding for winter pressures came to an end.

Rethink Mental Illness is registered with the Care Quality Commission (CQC) - the independent regulator of all health and social care services in England. In 2018/19 we had 20 services registered with the CQC. Of these 20 services, 13 are currently rated "good" by the CQC inspectorate and five are rated as "requires improvement". We are working closely with the CQC through service improvement plans to change these ratings. In 2018/19 we also had one CQC registered service rated inadequate. Intensive efforts have been made to improve the service and we expect the CQC to revisit the service soon. One service has not been rated as CQC did not consider it to be providing regulated activity at the time of the inspection.

Criminal justice and secure care services

Before, during and after spending time in prison, people may be affected by mental illness. To help them maintain and improve their mental health and wellbeing, we provide a range of specialist services for prisoners and their families.

Building on our existing partnerships, 2018/19 was another successful year for our criminal justice and secure care services. We are now providing primary mental health services in three additional prisons: HMP Highpoint, HMP The Mount and HMP Haverigg and have been approached to provide clinical supervision in another three prisons based in the North West (HMP Preston, HMP Kirkham and HMP Lancaster Farms).

Housing

Our range of housing services play a key role in improving mental health, preventing homelessness, reducing isolation and giving people the skills they need to live independently.

These services make up a significant part of our service portfolio. For some individuals their accommodation and support needs will be more long term while others are supported for a shorter period to support their recovery and return to independent living in the community.

In 2018/19 we were unable to retain our contract for delivery of supported housing in Somerset – the contract and service required by commissioners was significantly different to the service we were delivering. Through engagement with our landlord partners we were able to retain a large proportion of the accommodation we manage in the area meaning we can continue to provide a housing service to people with mental health and housing support needs.

Carers support

We offer a range of information and support to help carers, families and friends maintain and improve their wellbeing when caring for someone living with a mental illness.

Our carers services saw little change in 2018/19 however we are still seeing less funding opportunities for carers services that are mental health specific - more mental health carers services are being commissioned as part of wider, generic contracts. We continue to think creatively as to how we can continue to develop support for carers, both through engaging with commissioners and building carers support into our wider service offers.

Investment in our managers

To support the development of our registered managers we are rolling out care and leadership management level 5 apprenticeships. Funded through the apprenticeship levy, the apprenticeship covers areas such as effective supervision, dealing with complaints, quality monitoring and leading and managing a team.

We also launched a legal training programme for our advocacy service managers to ensure that they are up to speed with the legal framework within which our services operate, allowing our teams to provide the best quality advocacy for people who need to access our services.

Customer feedback

We regularly seek feedback from people using our services. People using our services tell us that they believe that our staff teams treat them with dignity and respect and that they feel supported by staff in achieving their goals.

Chart 1: Service users' response to statement "Staff treated me with dignity and respect"

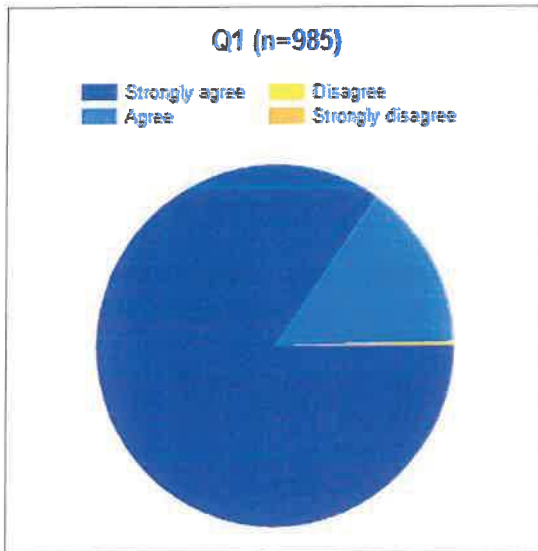
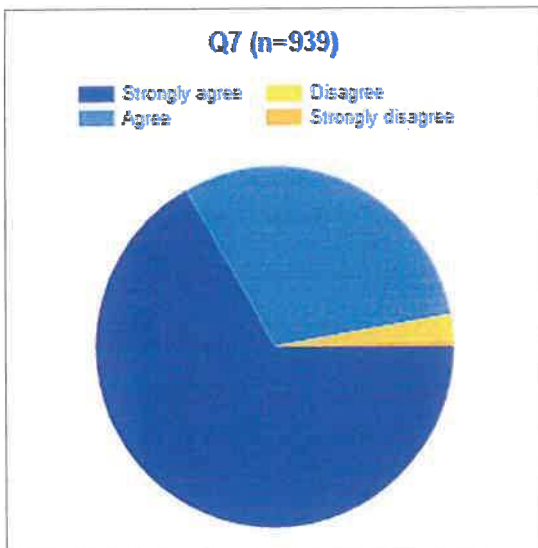


Chart 2: Service users' response to statement "Staff have supported me in achieving my goals"



Local support groups

The Charity's service provision is complemented by our network of 132 peer support groups that offer a variety of recovery, support and involvement opportunities across the regions. Accessing groups allows the important work of services to continue by ensuring people still feel supported and part of the organisation even when service provision has ended.

Fundraising

In 2018/19, we continued to invest in fundraising activities to generate voluntary income from a range of donors including individuals, corporate partners and charitable trusts and foundations. Income grew through our community, events, corporate partners and trusts and grants. Legacy income and income from individuals saw a drop on the previous year. Highlights include:

- Thanks to the generosity of individuals who remembered Rethink Mental Illness with a gift in their Will, we received £401,000 in legacy income.
- Income from corporate partners grew, thanks to our partnerships with Virgin Trains, Branston Potatoes, Cripps Pemberton Greenish, Janssen and others. Capital One supported us for a second year by taking part in a number of fundraising events.
- We received grants from charitable trusts totalling over £330,000 to support projects which develop our capacity and support more people impacted by mental health problems. Thanks to Stone Family Foundation for their grant for our Evidence and Impact project, to Sport England for enabling our Physical Activity project and to City Bridge Trust for supporting our Step-Up University project, delivered in universities in London.
- We raised over £330,000 through individuals taking part in events such as the London Marathon, treks in the UK and skydives. Community fundraising grew significantly during the year raising over £120,000. Growth was achieved through increased engagement with fundraising volunteers across the country, including engaging with university fundraising groups. In September 2018, we launched our fundraising event Walky Talky, raising over £10,000 in its first year.
- Our generous supporters continue to engage with our work, through regular gifts and donating to appeals throughout the year.

Investment in fundraising activities included the development of our new fundraising product, Walky Talky (see above) which will be rolled out to two locations in 2019/20. We continued to invest in our legacy marketing campaign for a second year, the results of which should be realised in five – seven years' time. We also invested in a digital and telemarketing campaign to attract new regular supporters to Rethink Mental Illness.

Rethink Mental Illness employed the services of professional fundraising organisations to recruit payroll giving supporters. These organisations adhere to the Association of Payroll Givers Code of Conduct which ensures that donors are treated with respect and no undue pressure is put upon individuals to sign a payroll giving pledge. We also worked with a telephone fundraising organisation to recruit new supporters for Rethink Mental Illness. This organisation is registered with the Fundraising Regulator and has TPS Assured accreditation.

Rethink Mental Illness is regulated by the Fundraising Regulator and all our fundraising activities are compliant with their Code of Fundraising Practice. In addition, we are also members of the Direct Marketing Association.

Our supporters are hugely valuable to us and we take great care to ensure they are treated with respect and their feedback is listened to. We received two complaints in 2018/19 about our fundraising activities, both objecting to being asked for donations through our fundraising appeal.

Our Supporter Promise ensures that all our supporters are valued and respected. We have procedures in place to ensure individuals who may be in vulnerable circumstances are not put under any pressure to donate to us.

Priority 2: Campaigning to transform the lives of people severely affected by mental illness and those who care for them.

This has been a landmark of a year in mental health policy. Causes that Rethink Mental Illness has fought for since its inception have taken steps forward. There is much to be done to ensure successful delivery. But there is much to build on.

Mental Health Act review

We have been pushing for change on the outdated Mental Health Act for decades. It detains ever more people, without sufficient regard to their rights. The Government tasked Professor Sir Simon Wessely to lead a review into how it should be reformed.

Rethink Mental Illness served on the working group that led on drafting the Review and led and took part in topic groups that looked at issues like the role of carers, advocacy, forensic sections and the principles underpinning the act. We pushed key issues, such as the right for an individual to make choices about their treatment in advance or when they have capacity, and their right to choose which family members or friends are involved in their care, and to what extent.

In our work, we took a lead from experts by experience around the country, who were also represented on the Review's service user and carer group. On its launch in December 2018, Rethink Mental Illness led on the positive reaction to the Review in the press - including putting forward powerful first-hand testimony from people with lived experience explaining why the system needed to change.

The Government immediately accepted some key proposals in the review. Since then we have worked with the sector to keep pressure on the Government to accept proposals and to legislate.

NHS England Long Term Plan

In the run up to the launch of the NHS England Long Term Plan, we placed a continuing focus on the needs of people severely affected by mental illness. In October 2018 we produced, with the Royal College of Psychiatrists, the report for the All-Party Group on Mental Health: The Road to Parity. This set out the agony of people falling through the gap: too ill for most treatments available but not yet in crisis. The then new Secretary of State for Health and Social Care, Rt Hon Matt Hancock MP attended the launch.

This was followed by Right Treatment, Right Time, a report based on a survey of hundreds of service users. This showed up the months of waiting time for assessment and treatment for people severely affected by mental illness. The Sunday Telegraph covered this, as we kept up the pressure on politicians to resource the ambitious plans of NHS England.

The NHS England Long Term Plan published in January 2019 took great steps forward. It announced new resources for crisis care in the community and for a new model for community services for some 370,000 people living with severe mental illness. The ambition is to provide support around physical health, social activity, housing and much else as well as flexible clinical care – all based around the individual in their community.

Place to Call Home

When the then Chancellor George Osborne announced plans to change the way supported housing is funded in 2015, Rethink Mental Illness launched our Place to Call home campaign. The initial plans proposed capping the amount of Housing Benefit paid to tenants in supported housing.

We were concerned that this would reduce the supply of supported housing, make it harder for tenants to get the support they need, and ultimately damage the recovery of people living with severe mental illness who supported

housing is designed to help. We mobilised the mental health and supported housing sectors in opposition to the reforms.

We held events, roundtable discussions, drafted numerous consultation responses and reports that were endorsed by the sector. We met with ministers, civil servants and MPs to explain the rationale for our positions. We encouraged our campaigners and our supported housing services to work with us to help make sure the changes were stopped. In the autumn of 2018, after several years campaigning, the Government announced that the proposals would be dropped entirely.

Out of Sight, Out of Mind

We followed up the successful campaign to maintain housing benefit for supported housing with a campaign to end inappropriate out of area placements in mental health rehabilitation services. These services are designed to help people living with the most severe forms of mental illness.

Over the past decade the supply of local mental health rehabilitation services around the country has reduced. As a result, it is more common for people who need them to be treated a long way from home. On average, these placements cost twice as much and last twice as long. They also take people away from the people and places they know at a time when they are very unwell.

Rethink Mental Illness teamed up with the Royal College of Psychiatrists to raise awareness of this issue and to reverse the current trend. We hope that the NHS England Long Term Plan can help make sure that people who need mental health rehabilitation services get the treatment they need in their home communities.

Time to Change

Run in partnership with Mind, and funded by the Department of Health, Comic Relief and the National Lottery Community Fund, Time to Change aims to:

- Improve public attitudes and behaviour towards people living with mental health problems.
- Reduce the amount of discrimination that people living with mental health problems report in their personal relationships, their social lives and at work
- Make sure even more people living with mental health problems can take action to challenge stigma and discrimination in their communities, in workplaces, in schools and online
- Create a sustainable campaign that will continue long into the future.

In the autumn of 2018, Time to Change ran 'Ask Twice', the third burst of its In Your Corner campaign, focused on men, young people and parents. As a result, over half a million adults (547,540) took action because of the campaign (+ 77,000 since burst two) and nearly one and a half million young people (1.48m – up 218k on the previous year). School engagement remained strong with 452 schools signing up for action plans and 655 signing up for the November schools' campaign. In addition, Time to Change's new cohort of young champions recorded 9,690 social contact activities. This included having conversations with friends and family, running activities/events at work, school, university, in the community and online campaigning.

Financial review

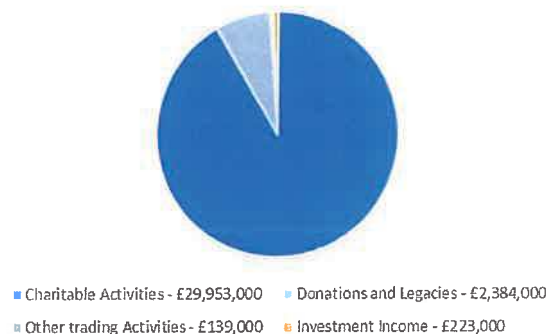
The Group's net income increased this year to £32.7m (2018 : £32.1m), and our expenditure reduced this year to £33.4m (2018 : £35m), leaving a net operating deficit of £753,000 (2018 : £2.8m deficit). This deficit was partly offset by net gains on investments of £303,000, leaving a net deficit of £450,000 of which £229,000 related to unrestricted funds (general and designated funds).

During the year a thorough review of restricted funds was undertaken which led to the release of £1.1m to general funds.

Income: Sources of Funds

The pie chart below shows our three main sources of income:

Sources of Funds 2019



The largest source of our income comes from contracts with local authority and NHS Commissioners to deliver our services. As in previous years the pressure for commissioners to look for savings continues, however despite a number of changes to our service delivery provision we have been able to mitigate some service losses through new service growth, particularly within our Advocacy and Prisons/Criminal Justice Services.

Thanks for the continued support from our generous donors, we have been able to maintain our level of income from fundraising activities which has enabled us to continue to support our beneficiaries through a number of activities, including our campaigns, groups and information service line.

Expenditure

The pie chart shows that the largest area of spend was on charitable activities.

Expenditure 2019



Further analysis of our expenditure is given in note 5 of the accounts.

Pension Scheme

The Charity has two final salary pension schemes, the Growth Plan and the Care Plan, details of which are explained in Note 18 of the financial statements. Both schemes are only open to members of the executive team with the sole purpose of avoiding crystallising the debt.

Actuarial valuations are carried out every three years, and a full actuarial valuation of the Care Scheme in September 2016 resulted in a significant financial impact on the 2018 results, with an increase in provision of £925,000. The Growth Plan underwent a valuation in September 2017 however no further increase in provision was required following this review.

Future plans

Priority 1: Developing and delivering high quality services which meet the needs of our beneficiaries and commissioners. Ensuring the sustainability of our Charity through income generation.

By focusing on ‘a better life’ we will support people severely affected by mental illness to live the best quality of life with a focus on what they can do, not what they can’t. We know that our services – whether supporting people in inpatient/secure units, within supported accommodation, or keeping them safe and well in the community – are best placed to do this. We will deliver a culture shift within our services to ensure the physical and mental health needs of an individual are equally important. People using our services will have more control over their lives because our care and support enables this.

There is clearly an unmet need for people living with mental illness, both in the sense of services which are focused on supporting the whole person – physical health as well as mental health – and in terms of a gap in services, for example supporting people to safely step-down from hospital or secure/inpatient settings through accommodation and community-based provision. The commissioning and policy context recognise this, providing us with the opportunity to grow our service offer by retaining and adding to our existing service portfolio and developing new services within emerging markets, reaching more people.

Priority 2: Campaigning to transform the lives of people severely affected by mental illness and those who care for them.

The NHS England Long Term Plan announced new resource for crisis care and for a new model for community services for some 370,000 people living with severe mental illness. Our ambition is to provide support around physical health, social activity, housing and much else as well as flexible clinical care – all based around the individual in their community. We will publish a Building Communities that Care report in April 2019 and bring together senior leaders of charities, employers’ groups and others outside the mental health field: all needed to deliver on the plans. We will also work with NHS England to develop new community services ensuring that they evolve in close partnership with people living with severe mental illness.

Alongside this we will continue to campaign to increase and better protect the rights and choices of those who are detained under the Mental Health Act. We will build on our successful work in 2018/19 of ensuring the Independent Review of the Mental Health Act placed those who are detained at the centre of the Review; and will press politicians and policy makers to ensure that its recommendations are implemented in full.

Structure, governance and management

Rethink Mental Illness is governed by a Board of Trustees comprising a Chair, eight Trustees nominated by the Regions and up to seven co-opted Trustees. The Board of Trustees is responsible for the overall direction and control of the activities of Rethink Mental Illness. The Board holds six formally constituted meetings a year, one of which is a facilitated two-day event looking at forward planning, strategy and Board development.

The Chair of the Board of Trustees is elected by the Board from the existing Trustees.

There is one Trustee for each of the eight Regions of England, each nominated by their relevant Regional Committee, subject to the approval of the Honorary Officers Committee (HOC) and endorsement by the Board. Regional Trustees must be either a carer, relative, user of mental health services or otherwise considered by the Board to have relevant experience or expertise. Co-opted Trustees are appointed by the Board and are chosen for their skills, for example, fundraising, financial or clinical, which may not be provided by the Regional Trustees, having regard to the balance on the Board of carers, people who use mental health services and others and representation by gender, age and ethnicity.

Board members are formally appointed at the AGM to serve up to a three-year term and can serve no more than nine years in total, except for the Chair who may serve up to 12 years.

New Trustees receive a formal induction into their role to familiarise themselves with both Rethink Mental Illness and the responsibilities that go with Trusteeship. Trustees are invited to discuss their developmental requirements with the Chair on an annual basis. This enables more specialised development in areas such as finance or governance to be provided to either the full Board or specific individuals.

To assist the Board in its work there are three formally constituted national committees, each with its own Terms of Reference:

HOC performs the function of an Executive Committee. In exceptional circumstances it has delegated authority to assume control over the work of the Charity when urgent decisions need to be made that cannot wait until the next Board meeting. HOC also acts as a Nominations, Appointment and Remuneration Committee and has responsibility for elections and appointments to the Board and recommends the appointment of new Trustees. It also has responsibility for setting the salaries of the Chief Executive and members of the Executive Team. HOC meets at least three times each year and holds additional meetings, depending on organisational demands.

The Audit and Quality Assurance Committee (AQAC) is responsible for overseeing all aspects of the Charity's external and internal audit arrangements, internal control procedures and risk management. Meetings are attended both by the Charity's external and internal auditors. The internal auditors undertake a planned number of audits each year covering a range of activities and processes. Following the governance restructure, AQAC now has additional responsibilities for monitoring health and safety assessments and for ensuring that the Charity delivers high quality services, operating in compliance with regulatory frameworks. AQAC reviews a range of key metrics to identify trends or themes that require management action.

The Finance and Investment Committee (FIC) agrees fundraising and service development strategies, monitors income and expenditure against budget and the effectiveness of financial management. It recommends relevant budget priorities in the form of a draft annual budget to the Board of Trustees.

FIC is also responsible for the appointment and supervision of the Charity's Investment Managers. It sets and monitors annual performance objectives for the Investment Managers, including ensuring that the required level of cash reserves is maintained, as specified in the Reserves Policy. FIC ensures that Rethink Mental Illness's investments are conducted in accordance with the Investment Policy, the Charity's Articles of Association and all relevant laws and regulations.

As part of the governance restructure the Charity has established two Governance Link Groups that involve a wider range of members interested in contributing to the work of the Charity at a national level.

The Council of Representatives meets three times a year to share practice, consult on key issues and make recommendations on the running of the Charity. Whilst not a Committee of the Board with delegated decision-making powers, the Council of Representatives exists to improve and strengthen the work of Rethink Mental Illness Committees and in turn the governance of the Charity through developing and supporting Committee Chairs, Vice Chairs, Regional Committee and Lived Experience Advisory Board members. The Council aims to increase the knowledge and confidence of people in their roles and to provide a forum for them to debate issues and to inform and influence decision-making in the organisation.

The Lived Experience Advisory Board (LEAB) comprises up to 18 members, plus any Trustees who use, or have used, mental health services. Key areas of work include monitoring the progress of the Involvement Strategy and making suggestions and providing constructive feedback on issues relating to the involvement and support of service users. LEAB also provides support and advises on organisational matters relating to people who use mental health services, for example, on policies and communications. LEAB meet three times a year.

The Charity Governance Code

The Board of Trustees is committed to develop and maintain high standards of governance throughout the Charity. Our mission, 'leading the way to a better quality of life for everyone severely affected by mental illness', lies at the heart of all our work and feeds into the overall strategy, which is set by the Board of Trustees.

Trustees have been fully involved in developing our National Plan for 2018-2021. The Plan sets out our corporate objectives, guiding principles and priorities. The Board monitors the progress of the Plan as a regular agenda item.

The annual Board awaydays provide the opportunity for the Board and Executive team to review the strategy and prioritise areas of work for the coming year. The Committees of the Board, Regional Committees and Governance Link Groups are consulted, and views considered when the Board makes its decisions.

The Charity has added 'openness' to its core values in recognition of the need to be open and accountable in all its work to maintain the trust of its beneficiaries and all those who come in contact with the Charity. We have policies and procedures in place that underpin the requirement to act with integrity and in the best interests of the Charity and its charitable purposes.

The governance restructure during 2017/18 was designed to involve more people in formulating the Charity's strategy and increasing the diversity of people providing input. Although our Board is diverse in respect of gender, age and disability, we struggle to appoint people from ethnic minority groups.

All Trustees, including the Chair, receive an annual review and the Chair, Chief Executive and Company Secretary work collaboratively to address the development needs of Trustees. We undertake a skills audit to record skills and experience, identify gaps and thereby inform the process for appointing new Trustees.

Subsidiary company information

There are three active subsidiary companies: NSF Trustees Limited (NSFT) and Rethink Trust Corporation Limited (RTC), provide Trustee services to families of people experiencing severe mental illness, Rethink Mental Illness Limited operates as the trading subsidiary of Rethink Mental Illness.

NSFT was established in order to meet an important need for families of people with severe mental illness so that they can make financial provision for the care of their dependants after the carer's death. RTC was established in 2010/11 to expand the potential range of services provided through NSFT.

Rethink Mental Illness Limited commenced trading during 2017/18 with a number of service contracts previously held by the charity being novated across to the subsidiary during 2017/18.

The financial statements of the subsidiaries have been consolidated into the financial statements of the Group.

Two further subsidiary companies are incorporated as possible future trading subsidiaries. Rethink Mental Illness also acts as Trustee of the Befriending Visitors Service (BVS). Financial details relating to the subsidiaries and BVS are contained in notes 19 and 20 to the financial statements.

Wider networks

Rethink Mental Illness is part of The Richmond Group of Charities, a collaboration of 14 of the leading health and social care organisations in the voluntary sector. The Group works together as a collective voice to better

influence health and social care policy, with the aim of improving the care and support for the 15 million people living with long term conditions it represents.

The Charity is also connected with Mental Health UK a Charitable Incorporated Organisation (CIO). Rethink Mental Illness, Hafal in Wales, MindWise in Northern Ireland, and Support In Mind Scotland are all members of Mental Health UK. Mental Health UK is not considered part of the Rethink Mental Illness Group and has not been consolidated in the financial statement.

Rethink Mental Illness also works in partnership with the charity Mind to deliver the Time to Change campaign.

The operating policies of Rethink Mental Illness are not affected by any of the above relationships.

Reserves policy

Rethink Mental Illness recognises the importance of maintaining a reserves policy to provide a prudent level of cover to meet future obligations and guard against unforeseen contingencies on a going concern basis.

The reserves of the Charity at the year-end are:

	£
Unrestricted reserves – general funds	6,346,000
Unrestricted reserves – designated funds	1,151,000
Restricted funds	904,000
Total funds	<u>8,401,000</u>

The Board intend that designated funds are spent within a reasonable period of receipt and therefore relate to monies set aside to meet our five-year strategy for ICT development, estates and property repairs and contract contingencies. An analysis of designated funds is included in Note 15 of the accounts.

Our reserves policy focuses on the level of our “free” reserves.

Free reserves are defined as net assets excluding restricted funds, designated funds and the element of general funds that have been used to acquire fixed assets for the Charity’s own use.

Our unrestricted reserves at 31 March 2019 were £6.3 million (2018: £5.2 million) of which £3.5 million are fixed and intangible assets in use by the Charity. The level of free reserves at 31 March 2019 was £2.8 million (2018: £1.7 million).

The current target range for free reserves has been set at between £3.5m and £5.4m reflecting a 12-month forward view of expected calls on reserves factoring in commercial and other risks, as well as the need for potential investment opportunities. This enables Rethink Mental Illness to meet planned charitable expenditure over the next financial year.

Whilst the level of free reserves held have increased during the year, they remain below our target level. They continue to be affected by the recognition of defined benefit scheme pension liabilities, based on the net present value of contributions payable as part of a Multi-Employer plan. The Board recognise the need to ensure the Charity has the appropriate level of free reserves to enable it to meet its future needs. The focus will continue be on rebuilding those funds to bring them into line with the minimum level set out in the reserves policy.

The Board will keep its reserves policy under regular review to ensure that an appropriate balance is maintained between developing reserves to provide sufficient funds to meet its forward obligation, to provide a reserve against unforeseen events and to provide adequate resources to fund new initiatives in order to promote the charitable objects of Rethink Mental Illness. Further details of reserves held at 31 March 2019 are shown in note 15 to the financial statements.

Investment policy

The Trustees have wide investment powers set out in the Charity's Articles of Association. Currently, monies of the Charity not immediately required for its purposes are placed in short-term interest-bearing accounts with the Charity's main bankers or invested by the formally appointed Investment Managers.

During 2018/19 the Investment Committee reviewed the investment strategy of the Charity and confirmed the strategy remained appropriate for the Charity's Investment Managers, Investec Wealth & Investment, to follow. The objective is to achieve a balance between income and capital returns ensuring low to medium risk.

Any investments will have due regard for the Charity's objects and the committee have decided that it will not make any direct investments in companies or funds, primarily concerned with the production and / or distribution of pornography, tobacco, armaments and/or alcoholic beverages.

The medium-term performance benchmark is linked to the Consumer Price Index (CPI) plus +3%. During 2018/19 CPI was 2.3% this gives a performance benchmark of 5.3% for the year ending 31 March 2019. The performance benchmark has been confirmed by the Investment Committee as being appropriate to continue with. During the year a total return (net of fees) of 7% was achieved by the Investment Managers.

Remuneration policy

Our approach to remuneration is designed to ensure we can attract and retain the talented and motivated people we need to achieve our mission and deliver our strategic goals. It is applied consistently across the organisation. We aim to pay competitively in the not-for-profit sector within the context of affordability. We therefore subscribe to an external salary survey to help us to benchmark our salaries against other charities.

Learning and development

In 2018/19 we ran a small pilot of a level three apprenticeship programme in 'Senior Health Care Support Worker' with a cohort of Mental Health Recovery Workers. This has been a useful pilot which has helped us to focus on broadening our apprenticeship offering across the Charity. Areas of focus have been health & wellbeing, person-centred care and support, effective communication and quality improvement.

Principal risks and uncertainties

In relation to the overall financial control procedures, the Charity has in place a comprehensive strategic plan supplemented by an annual budget approved by the Board of Trustees. Monthly actual results are reported against budget and projections to year-end are reviewed by senior management, the Finance and Investment Committee and the Board of Trustees at appropriate points in their meeting cycle. The Charity's day-to-day financial processes are governed by financial policies approved by the Board. Assurance around compliance with the financial regulations is overseen by the Audit Committee.

The Board has a well-established programme of risk management, which includes ownership of these risks by lead managers. Trustees are provided with assurance that the major risks which are identified have been reviewed and evaluated, taking account of internal controls, systems and other actions pursued to mitigate them.

Risk assessment and evaluation is undertaken regularly across corporate, departmental, operational and project activities to embed risk management and to reflect the Charity's risk appetite determined by the Board. In this way, the Board is satisfied that the risk management strategy is appropriate to the Charity and they have gained assurance regarding the effectiveness of the risk management processes adopted.

The key risks currently facing Rethink Mental Illness are considered to be:

- Ongoing decreases in public spending and increasingly difficult market conditions for service delivery contracts against a background of political and economic uncertainty whilst demand for Mental Health services and support continues to increase with growing media attention, public awareness and acceptance of Mental Health.
- Serious untoward incidents, including unpredictable death or serious injury to a beneficiary, staff member, volunteer or a member of the public, which are offset by safeguarding policies and procedures.
- Inability to effectively evidence level of care outcomes, which in turn impacts on new and continuing business. These risks are mitigated by initiatives to invest in managers, improve quality, introducing more standardised processes for capturing service user outcomes and improving our internal management information reporting systems to track quality more actively.
- Failure to capitalise on opportunities together with a risk of potential impact on performance resulting in regulatory censure and reputational damage caused by the necessary drive to reduce costs which may lead to reduced capacity and management stretch.
- Continued political and economic uncertainty resulting in the potential for significant market volatility which could result in unplanned fluctuations of our investment portfolio and defined benefit pension liability valuations.

Serious incidents

The Charity has reported two serious incidents to the Charity Commission and confirms that there are no other serious incidents during 2018/19 that should have been reported to the Commission.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

Statement of Trustees Responsibilities

Statement of Trustees responsibilities in respect of the Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Charitable Company and of the excess of income over expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue its activities.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Charitable Company and to prevent and detect fraud and other irregularities.


The Trustees are responsible for the maintenance and integrity of the Charity and financial information included on the Charitable Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on _____ including approving in their capacity as Directors the Trustees Strategic Report and Directors' Report contained therein, and is signed as authorised on its behalf by the Chair of the Board of Trustees.

By Order of the Board

Philippa Lowe

Chair of the Trustees


Date 24 Oct 2019

Independent Auditors' Report to the members of the National Schizophrenia Fellowship

Opinion

We have audited the financial statements of Rethink Mental Illness for the year ended 31 March 2019 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 25, 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).

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

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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the trustees' annual report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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

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. This description forms part of our auditor's report.



Kerry Brown

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH

Date: 6 December 2019

Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2019

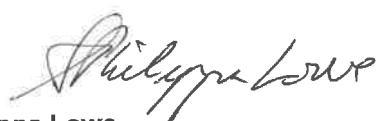
	Note	2019 Unrestricted Funds £000	2019 Restricted Funds £000	2019 Total £000	2018 Unrestricted Funds £000	2018 Restricted Funds £000	2018 Total £000
Income and Endowments from:							
Donations and Legacies	2	1,969	415	2,384	2,205	196	2,401
Charitable Activities	3	24,584	5,369	29,953	24,463	4,957	29,420
Other trading Activities	4	139	-	139	160	-	160
Investments	4	223	-	223	189	-	189
Total Income		26,915	5,784	32,699	27,017	5,153	32,170
Expenditure on:							
Raising Funds	5	1,251	-	1,251	1,317	-	1,317
Charitable Activities	5	26,011	6,005	32,016	28,972	4,602	33,574
Other	5	185	-	185	106	-	106
Total Expenditure		27,447	6,005	33,452	30,395	4,602	34,997
Income less Expenditure Before Investments		(532)	(221)	(753)	(3,378)	551	(2,827)
Net gains/(losses) on Investments	9	303	-	303	(2)	-	(2)
Net Income/(Expenditure)		(229)	(221)	(450)	(3,380)	551	(2,829)
Transfers between funds		1,068	(1,068)	-	828	(828)	-
Net movement in funds		839	(1,289)	(450)	(2,552)	(277)	(2,829)
Fund balances brought forward at 1 April 2018		6,658	2,193	8,851	9,210	2,470	11,680
Fund balances carried forward at 31 March 2019	15	7,497	904	8,401	6,658	2,193	8,851

Consolidated Group and Charity balance sheets at 31 March 2019

	Note	Group		Charity	
		2019	2018	2019	2018
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8	727	990	727	990
Tangible assets	8	2,783	2,984	2,783	2,984
Investments	9	7,762	7,006	7,760	7,006
		<u>11,272</u>	<u>10,980</u>	<u>11,270</u>	<u>10,980</u>
Current assets					
Stocks for resale		14	7	14	7
Debtors	10	4,694	5,153	3,868	4,097
Cash at bank and in hand		2,956	1,890	2,788	1,797
		<u>7,664</u>	<u>7,050</u>	<u>6,670</u>	<u>5,901</u>
Creditors: amounts falling due within one year					
	11	<u>(6,046)</u>	<u>(4,303)</u>	<u>(5,073)</u>	<u>(3,539)</u>
Net current assets					
		<u>1,618</u>	<u>2,747</u>	<u>1,597</u>	<u>2,362</u>
Total assets less current liabilities					
		<u>12,890</u>	<u>13,727</u>	<u>12,867</u>	<u>13,342</u>
Creditors Amounts falling due after more than one year					
Pension Liability	12	(4,173)	(4,570)	(4,173)	(4,570)
Provisions for liabilities	13	(316)	(306)	(316)	(306)
Total net assets or liabilities					
		<u>8,401</u>	<u>8,851</u>	<u>8,378</u>	<u>8,466</u>
Funds					
General funds	15	6,345	5,236	6,322	5,063
Designated funds	15	1,152	1,422	1,152	1,222
Restricted funds	15	904	2,193	904	2,181
		<u>8,401</u>	<u>8,851</u>	<u>8,377</u>	<u>8,466</u>

A deficit reflecting expenditure above income for the year of £88,000 (2018: deficit of £3,191,000) has been dealt with in the financial statements of the Charitable Company.

The financial statements were approved by the Trustees on 24 Oct 2019 and were signed on their behalf by:



Philippa Lowe
Chair of Trustees

Statement of consolidated cash flows for the year ended 31 March 2019

	<i>Note</i>	2019	2018
		£000	£000
Net Cash provided by operating activities	23	(440)	(2,025)
Cash flows from investment activities			
Dividends, interest and rent from Investments		187	189
Proceeds from sale of property, plant and equipment		1	124
Purchase of property, plant and equipment		(194)	(713)
Proceeds from the sale of Investments		872	639
Purchase of investments		(1,328)	(889)
Net Cash provided by (used in) Investing Activities		(462)	(650)
Change in Cash and Equivalents in the reporting period		(902)	(2,675)
Cash and Cash Equivalents at the beginning of the reporting period		1,890	4,565
Cash and Cash Equivalents at the end of the reporting period	24	988	1,890

Notes

(forming part of the financial statements)

Company status

The Charity is a company limited by guarantee, incorporated in England and Wales, and treated as a public benefit entity. The board members of the company are the Trustees named under "Legal and administrative information". In the event of the Charity being wound up, the liability in respect of the guarantee is limited to one penny per member of the Charity.

The operating name of the National Schizophrenia Fellowship is Rethink Mental Illness.

Registered Office, 15th Floor, 89 Albert Embankment, London SE1 7TP.

Principal Office, 1st Floor Castlemill, Birmingham New road, Tipton, DY4 7UF.

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice ("SORP") 2015 "Accounting and Reporting by Charities", issued in January 2015, and Financial reporting standard 102 (FRS102), and the Companies Act. The Charity is a public benefit entity for the FRS102 purposes.

Going concern

After making enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees responsibilities.

Basis of consolidation

The consolidated financial statements include the financial statements of the Charity and its subsidiary undertakings made up to 31 March 2019. The results of the subsidiaries, as shown in note 19, are consolidated on a line by line basis within the consolidated Statement of Financial Activities ("SOFA"). In the Charitable Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for permanent diminution.

Charitable Company income and expenditure

No separate statement of financial activities has been prepared for the charity alone as permitted by Section 408 of the Companies Act 2006. A deficit reflecting expenditure above income for the year of £450,000 (2018: deficit of £3,191,000) has been dealt with in the financial statements of the Charitable Company.

Fund accounting and transfers

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in note 15 to the financial statements.

General funds may be transferred to designated funds where Trustees wish to use these funds for a specific purpose. Such funds may be transferred back to general funds once the criteria for designation have been met or are no longer applicable.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of restricted funds is set out in the notes to the financial

statements. Restricted funds may only be transferred to general or designated funds once the criteria for restriction have been discharged or no longer apply.

Incoming resources

All incoming resources are shown net of VAT. They are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Gifts in kind and donated facilities are included at the value to the Charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

For legacy income, entitlement in the case of residuary and pecuniary legacies is counted from the earlier of estate accounts being finalised and communicated to Rethink Mental Illness and cash received. Legacies where Rethink Mental Illness's receipt of income is subject to a life tenancy have not been included.

Members' subscriptions are taken to income on a received basis. Grants, service agreement and fee income and grants for premises and equipment are recognised in the SOFA and income and expenditure account in the period in which they are receivable. Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor/funder has specified that the income is to be expended in a future period.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been apportioned to activities on the basis of direct costs.

Costs of generating voluntary income are those incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of the charitable activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include an appropriate apportionment of management overheads.

Governance costs are those costs incurred in connection with governance and professional support to Trustees.

Intangible assets and amortisation

Intangible assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition. Amortisation is provided on all intangible assets at rates calculated to write off the cost on a straight line basis over their expected economic lives as follows:

ICT Licenses	the shorter of the life of the license or 10 years
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Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected economic lives as follows:

Freehold land	Nil
Freehold buildings	2%
Leasehold land and buildings	2% (or over life of lease if shorter)
Furniture and equipment	25%
ICT Equipment (purchases from 01.04.2015)	33.3%
Motor vehicles	33.3%

Investments and interest receivable

Investments are stated at market value at the balance sheet date. Interest on deposit and other accounts is allocated to income in the year in which it is receivable. Net gains and losses on investments arising on revaluation are included in the SOFA.

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items for resale or distribution are not included in the financial statements until they are sold or distributed.

Volunteers

The charity has in the region of 500 volunteers. The financial value these volunteers make is not incorporated within the accounts.

Local groups

In order to reflect correctly the stewardship of the Charity over the activities of its local groups, their results are included in the SOFA and their cash balances at the year end are included in the balance sheet as restricted funds. The amounts have been incorporated on the basis of returns received in the Finance Directorate by 18th April 2017

Liquid resources

For the purposes of the cash flow statement, cash comprises cash in hand and deposits repayable on demand without penalty, less overdrafts payable on demand.

Post-retirement benefits

Rethink Mental Illness participates in a pension arrangement with the People's Pension. This scheme was established in September 2013 and it is open to all staff who qualify under the Government's auto enrolment scheme. The People's Pension is a defined contribution scheme.

During the year the Charity participated in the CARE (Career Average Revalued Earnings) and Growth Plan Pension Schemes administered by TPT Retirement Solutions. Both the CARE and Growth Plan Schemes are multi-employer defined benefit schemes. The Schemes are funded and contracted out of the State scheme. The assets of the schemes are held separately from those of the Charity in an independently administered fund. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Rethink Mental Illness has entered into an agreement with the Multi-Employer plan which determines how a deficit will be funded. As a result Rethink recognises the net present value of the contributions payable from this agreement as a liability on the balance sheet. The CARE and the Growth Scheme were closed during 2013 to new entrants.

Finance and operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred in equal amounts. Assets purchased under finance leases are capitalised at their fair value at the inception of the contracts and depreciated over their estimated useful lives. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges. Finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Deferred taxation

In the subsidiary financial statements, the policy is to pay all taxable profits to Rethink Mental Illness by way of Gift Aid. No deferred tax liability arises in the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described and summarised below. Estimates are made on the following bases:

- Dilapidations, where no surveyor schedule is available, or where there is no set amount included in the lease agreement, a provision is made based on a standard amount per lease of £1000.
- Refurbishment funds are estimated based on a standard replacement item price and a schedule of responsibility compiled on a property by property basis.
- Gift in kind donated property is based on a standard price of £11.50 per square feet and a standard room size of 144 square feet per office space provided free of charge.
- Pension Liability - The Charity is a member of two multi employer defined benefit pension schemes. The Charity has entered into a deficit recovery repayment plan with TPT Retirement Solutions in respect of these schemes and this liability has been recognised on the Balance Sheet at amortised cost. The discounting assumptions used are recorded in note 18.

Debtors

Debtors are measured at amortised cost less any impairment.

Creditors & provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

Rethink Mental Illness has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

2 Analysis of Donations and Legacies

	2019	2019	2019	2018	2018	2018
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000	£000	£000	£000	£000	£000
Fundraising and Donations	365	134	499	383	176	559
Donated services and facilities	486	-	486	415	-	415
Membership subscriptions	82	-	82	81	-	81
Legacies	373	28	401	767	12	779
General grants	11	-	11	31	-	31
Sponsorship and events	477	20	497	377	8	385
Corporate Donations	175	233	408	151	-	151
	1,969	415	2,384	2,205	196	2,401

Donated services and facilities relates to office accommodation, training, travel costs, legal and professional fees and Google Ad Words that have been provided free of charge.

3 Analysis of income from charitable activities

	2019	2019	2019	2018	2018	2018
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000	£000	£000	£000	£000	£000
Supported housing and floating support services	6,527	1	6,528	7,395	13	7,408
Prisons/criminal justice services	1,360	125	1,485	607	154	761
Community services	3,461	130	3,591	3,943	235	4,178
Carers' and family support services	438	63	501	524	162	686
Advocacy services	3,623	1	3,624	2,606	7	2,613
Helpline & Advice Services	97	332	429	194	116	310
Nursing and CQC registered services	8,107	6	8,113	8,329	122	8,451
Communications and Campaigns	944	155	1,099	848	193	1,041
Management and support	27	-	27	17	-	17
Mental Health UK	-	1,831	1,831	-	1,350	1,350
Time To Change	-	2,725	2,725	-	2,605	2,605
Total funding received for charitable activities	24,584	5,369	29,953	24,463	4,957	29,420

Time to Change is a programme of activities that works to reduce stigma of mental illness in the wider population

4 Analysis of incoming resources from Other Trading Activities and Investments

	2019 Unrestricted £000	2019 Restricted £000	2019 £000	2018 £000
Other trading Activities				
Income from Subsidiary undertakings	139	-	139	160
	139	-	139	160
Investments				
Interest received	5	-	5	1
Dividends received	218	-	218	188
	223	-	223	189

The following funders have specifically asked for income from their organisation to be listed:

	Incoming Resources recognised in SOFA £000
Time to Change in conjunction with MIND	
NHS England and Comic Relief	2,725
Mental Health UK – Lloyds Banking Group	1,798

5 Analysis of expenditure

	Direct costs £000	Support costs £000	Total 2019 £000	Total 2018 £000
Raising funds				
Fundraising	1,063	144	1,207	1,272
Managing Investments	39	5	44	45
Total cost of raising funds	1,102	149	1,251	1,317
Charitable activity				
Supported housing and floating support services	6,037	836	6,873	7,750
Prisons/criminal justice services	963	130	1,093	770
Community services	3,322	459	3,781	4,711
Carers' and family support services	1,088	123	1,211	1,504
Advocacy services	2,900	396	3,296	2,282
Helpline & Advice Services	1,998	283	2,281	2,148
Nursing and CQC registered services	7,438	1,017	8,455	9,233
Time to Change	2,584	349	2,933	3,114
Communications and Campaigns	1,843	250	2,093	2,062
Total cost of charitable activity	28,173	3,843	32,016	33,574
Other Expenditure				
Expenditure on Other trading Activities	63	-	63	48
Pension Interest Charge	122	-	122	58
Total Other Expenditure	185	-	185	106
	29,460	3,992	33,452	34,997

The split of direct and support costs for 2018 were Direct £29,745,000 and Support costs £5,252,000.

Direct and support costs include:

	2019	2018
	£000	£000
Auditors' remuneration:		
Fees payable to the Charity's Auditors for the audit of the annual accounts	44	42
Fees payable to the Charity's Auditor for the audit of the Charity's subsidiary undertakings, pursuant to legislation	3	3
Depreciation	643	622
Loss on disposal of fixed assets	14	147
Rents paid on leasehold premises	1,552	2,218
Operating lease rentals	306	335

Allocation of support costs:

Type of cost	Allocated to	Allocated to	2019	2018
	Fundraising	charitable	Total	Total
	£000	£000	£000	£000
General management and administration	12	308	320	482
Governance	16	421	437	544
Finance costs	32	824	856	926
Human resources	26	658	684	1,866
Information and technology	63	1,632	1,695	1,434
	149	3,843	3,992	5,252

Those support costs that meet the SORP FRS102 criteria for inclusion as governance costs have been allocated as such to Charitable Activities. Other support costs have been allocated to expenditure headings based on the proportion of direct costs included in each heading.

6 Staff costs

	2019	2018
	£000	£000
Wages and salaries	17,450	17,745
External agency costs	1,092	1,088
Social security costs	1,457	1,467
Pension costs: Defined benefit	95	1,042
Pension costs: Defined contribution	532	571
	20,626	21,913
Pension contributions made by Rethink Mental Illness in respect of higher paid employees amounted to:	32	26

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year and to whom retirement benefits are accruing under money purchase and defined benefit pension schemes are:

	2019	2018
	Number	Number
£60,001 - £70,000	6	4
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	-
£100,001 - £110,000	2	1
£110,001 - £120,000	-	2
£120,001 - £130,000	1	1
	11	9

Key management remuneration relating the Executive Officers during the year totalled £563,000 (2018: £564,000) for 5 employees (2018: 6)

The average number of employees, based on head count, analysed by function was:

	Average Number of Employees	
	2019 Number	2018 Number
Charitable activities Contract Staff	750	733
Charitable activities Bank Staff	193	120
Cost of generating funds	26	15
Governance and administration support	9	11
	<u>978</u>	<u>879</u>

The amount of redundancy paid to employees during the year was £73,114 (2018: £486,000)

7 Trustees' emoluments

Trustees are not remunerated.

Expenses for travelling and subsistence on Charity business in the amount of £13,253 (2018: £22,577) were reimbursed to 9 Trustees (2018: 10).

8 Intangible and Tangible fixed assets

	Intangible Assets	Land, buildings and property improvements	Furniture and equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2018	1,320	4,113	2,221	17	7,671
Additions	5	-	189	-	194
Disposals	-	(119)	(1)	(1)	(121)
At 31 March 2019	1,325	3,994	2,409	16	7,744
Depreciation					
At 1 April 2018	330	1,572	1,778	17	3,697
Charge for year	268	146	229	-	643
On disposals	-	(105)	-	(1)	(106)
At 31 March 2019	598	1,613	2,007	16	4,234
Net book value					
At 31 March 2019	727	2,381	402	-	3,510
At 31 March 2018	990	2,541	443	-	3,974

Of the land and buildings at cost, freehold was £2,863,000 and leasehold £1,131,000 (2018: freehold £2,863,000 and leasehold £1,250,000). All fixed assets are utilised by the Charity/Group for charitable purposes.

9 Investments

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Market Value at beginning of year	7,006	9,758	7,006	9,858
Additions	1,328	889	1,328	789
Disposal Proceeds	(875)	(869)	(875)	(869)
Net movement in cash	2	(2,770)	2	(2,770)
Net realised investments Gain/ (Loss)	(28)	137	(28)	137
Net unrealised investments Gain / (Loss)	329	(139)	327	(139)
Market Value at end of year	7,762	7,006	7,760	7,006
Historical cost at end of year	7,447	5,930	7,347	5,930

Investments are represented by:

100% holding in Rethink Trust Corporation Limited	-	-	100	100
UK Fixed Interest	1,274	1,007	1,172	1,007
Overseas Fixed Interest	-	-	-	-
UK Equities	2,584	2,381	2,584	2,281
Overseas Equities	2,574	2,345	2,574	2,345
Alternative Assets – Property	860	806	860	806
Cash Balances	470	467	470	467
	7,762	7,006	7,760	7,006

10 Debtors

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Grant debtors	3,433	3,847	429	1,821
Amount due from subsidiary undertakings	-	-	2,249	1,220
Prepayments and accrued income	625	633	554	476
Other Debtors	636	673	636	580
	4,694	5,153	3,868	4,097

11 Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	1,151	1,436	1,097	1,317
Accruals	736	929	638	686
Pension deficit payments	519	598	519	598
Deferred income (note 14)	260	229	163	225
Tax and social security	1,075	737	371	337
Other creditors	305	374	286	374
Amounts due to related undertaking	2,000	-	1,999	2
	6,046	4,303	5,073	3,539

12 Creditors: amounts falling due after more than one year

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
TPT Retirement Solutions – Growth Plan	728	888	728	888
TPT Retirement Solutions – Care Plan	3,445	3,682	3,445	3,682
	4,173	4,570	4,173	4,570

Amounts due after 5 years are Growth Plan £142,000 and Care Plan £1,906,000.

13 Provisions for Liabilities

	Balance at 1 April 2018	Charged to the SOFA	Released	Balance at 31 March 2019
	£000	£000	£000	£000
Dilapidation costs on leased properties	281	184	(149)	316
Bad Debt Provision	25	-	(25)	-
Total for the Charity	306	184	(174)	316

14 Deferred Income

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Balance at beginning of year	229	306	225	306
Amount released to incoming resources	(229)	(306)	(225)	(306)
Amount deferred in the year	260	229	163	225
Balance at end of year	260	229	163	225

Deferred income comprises service income received in advance and grants which the donor has specified must be used in future accounting periods.

Group	Balance at 1 April 2018	Deferred	Released	Balance at 31 March 2019
	£000	£000	£000	£000
Deferred income				
Statutory sources	193	146	(193)	146
Other charitable sources	36	114	(36)	114
Total for the charity	229	260	(229)	260

Charity	Balance at 1 April 2018	Deferred	Released	Balance at 31 March 2019
	£000	£000	£000	£000
Deferred income				
Statutory sources	189	48	(189)	48
Other charitable sources	36	114	(36)	114
Total for the charity	225	162	(225)	162

The main reasons for deferrals are as follows:

	Group		Charity	
	2019	2018	2019	2018
	£000	£000	£000	£000
Time restrictions imposed by donor	146	174	48	170
Potentially refundable income received for future events	114	55	114	55
Total	<u>260</u>	<u>229</u>	<u>162</u>	<u>225</u>

15 Statement of funds

Group and Charity

	Balance at 1 April 2018	Incoming resources	Expenditure	Gain/Loss on investments	Transfers	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000
General funds	5,236	26,277	(26,803)	303	1,332	6,345
Designated funds						
Repairs and Refurbishment	204	-	(18)	-	21	207
ICT Development	500	-	(86)	-	(166)	248
Regional Committee Projects	55	-	(1)	-	1	55
Contract Contingency	266	637	(506)	-	(101)	296
Rethink Mental Illness Plan ICT Development	144	-	-	-	-	144
Capital Equipment	53	-	-	-	(51)	2
The Pensions Trust Care Plan	200	-	(33)	-	33	200
	1,422	637	(644)	-	(263)	1,152
Total general funds and designated funds	6,658	26,914	(27,447)	303	1,069	7,498
Restricted funds						
National Lottery Community Fund	2	-	-	-	(2)	-
Welfare Funds	69	11	(16)	-	(6)	58
Capital Restricted Fund	420	-	-	-	(158)	262
Groups Fund	164	99	(102)	-	-	161
Alternatives to Respite Fund	330	-	(187)	-	-	143
Mental Health UK – Lloyds Banking Group	-	1,677	(1,662)	-	(10)	-
Time to Change – in conjunction with MIND	(1)	2,682	(2,672)	-	(9)	-
Other Restricted Fund Balances	1,209	1,321	(1,366)	-	(884)	280
Total Restricted Funds	2,193	5,784	(5,577)	-	(1,068)	904
Total Funds	8,851	32,665	(33,153)	303	-	8,401

Represented by:

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£000	£000	£000	£000
Intangible Assets	727	-	-	727
Fixed Assets – Tangible Assets	2,519	2	262	2,783
Fixed Assets – Investments	7,762	-	-	7,762
Current Assets	5,872	1,150	642	7,664
Current Liabilities	(6,046)	-	-	(6,046)
Pension Liabilities	(4,173)	-	-	(4,173)
Provision for Liabilities	(316)	-	-	(316)
	<u>6,345</u>	<u>1,152</u>	<u>904</u>	<u>8,401</u>

Designated funds

- The Repairs and Refurbishment Fund represents income set aside to provide for a programme of repairs and refurbishments, primarily to housing and residential care home properties. During the year repairs to the value of £6,000 were carried out from this fund. During the year, a review of balances held in the Repairs and Refurbishment Fund was carried out against our obligations for refurbishment of properties. The net effect of this review was a transfer from the fund of £79,000.
- The ICT Development Fund was created from the Rethink Plan spend budgeted for 2016-17 financial year, this resulted in capital asset spend and therefore the fund will be used to offset future depreciation.
- The Regional Committee Projects Fund represents monies set aside to enable Regional Committees to carry out local initiatives including fundraising and / or profile awareness raising events. During the year £16,000 was spent on events. The Committee's future expenditure plans have been incorporated into the 2018-19 budget.
- The Contract Contingency Fund represents income set aside that might need to be repaid at the end of a contract term if the services Rethink Mental Illness has been commissioned to provide are not fully delivered. During the year £263,000 of income was set aside to meet potential repayment risks and £278,000 was assessed as being no longer required to meet potential penalty risks.
- The Rethink Mental Illness Plan ICT Development Fund represents income set aside to support specific work programmes that fall under the Rethink Mental Illness plan. It is recognised that investment in staff development and technology solutions will be required to enable the Charity to deliver the plan's initiatives.
- The Capital Equipment Fund represents the balance of funds held relating to purchases of capital items. Depreciation charges relating to capital equipment purchases are charged against this fund.
- The Pension Trust Care Plan Fund represents monies set aside to mitigate against the risk of future revaluations of the two defined benefit pension schemes.

Restricted funds

- The National Lottery Community Fund balances represent unexpended income received from the National Lottery Community Fund at the end of the financial year.
- Welfare Funds represent income that has been specifically given to Services to be controlled by service users as part of their recovery. Service users are able to decide how to utilise this income subject to the financial regulations of the Charity.
- The Capital Property Fund represents the balance of funds held relating to purchase of property or property improvements. Depreciation charges relating to property assets are charged against this fund.
- The Groups Fund represents the balances of funds held by 123 local support groups that operate under the Rethink Mental Illness charity number.
- The Alternatives to Respite Fund was established following the disposal of the Forresters building, and the release of the associated Endowment Fund. This fund is to be used to enable development of alternative models of respite care. Board has approved the use of this fund to enable additional support to our Groups to give respite to Carers in their daily lives.
- The Fund entitled "Mental Health UK – Lloyds Banking Group" represents funds received to create and sustain the Mental Health and Money Advice Service.
- The Fund entitled "Time to Change - in conjunction with MIND" represents unexpended income received in connection with the Time to Change campaign.
- Other Restricted Funds represent unexpended income that has been received for a specific purpose. The total balance of £280,000 is made up of 16 separate balances held against individual services. Transfers in year of £844,000 relate to a review carried out on old restricted fund balances where the grant agreement and delivery had been completed in excess of 2 years before April 2018.

15a Statement of funds 2018

For comparative purposes the below tables are provided.

Group and Charity

	Balance at 1 April 2017	Incoming resources	Expenditure	Gain/Loss on investments	Transfers	Balance at 31 March 2018
	£000	£000	£000	£000	£000	£000
General funds	8,288	23,410	(27,255)	(2)	795	5,236
Designated funds						
Repairs and Refurbishment	219	70	(6)	-	(79)	204
ICT Development	300	26	(26)	-	200	500
Regional Committee Projects	68	3	(16)	-	-	55
Contract Contingency	123	3,480	(3,059)	-	(278)	266
Rethink Mental Illness Plan ICT Development	144	-	-	-	-	144
Capital Equipment	68	28	(33)	-	(10)	53
The Pensions Trust Care Plan	-	-	-	-	200	200
	922	3,607	(3,140)	-	33	1,422
Total general funds and designated funds	9,210	27,017	(30,395)	(2)	828	6,658
Restricted funds						
National Lottery Community Fund	113	141	(252)	-	-	2
Welfare Funds	70	17	(17)	-	(1)	69
Capital Restricted Fund	638	-	(154)	-	(64)	420
Groups Fund	208	85	(129)	-	-	164
Alternatives to Respite Fund	509	-	-	-	(179)	330
Mental Health UK – Lloyds Banking Group	-	1,335	(1,335)	-	-	-
Time to Change – in conjunction with MIND	20	2,605	(2,607)	-	(19)	(1)
Other Restricted Fund Balances	912	970	(108)	-	(565)	1,209
Total Restricted Funds	2,470	5,153	(4,602)	-	(828)	2,193
Total Funds	11,680	32,170	(34,997)	(2)	-	8,851

Represented by:

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£000	£000	£000	£000
Intangible Assets	990	-	-	990
Fixed Assets – Tangible Assets	2,509	53	422	2,984
Fixed Assets – Investments	7,006	-	-	7,006
Current Assets	3,441	1,369	2,240	7,050
Current Liabilities	(3,878)	-	(425)	(4,303)
Provisions for Liabilities	(4,570)	-	-	(4,570)
Provision for Defined Benefit Pension	(262)	-	(44)	(306)
	<u>5,236</u>	<u>1,422</u>	<u>2,193</u>	<u>8,851</u>

16 Financial commitments

At 31 March 2019, the Group and Charity have commitments under non-cancellable leases as follows:

	2019			2018		
	Premises	Other	Total	Premises	Other	Total
	£000	£000	£000	£000	£000	£000
Expiry date:						
Less than one year	1,027	479	1,506	1,086	509	1,595
Two to five years	2,072	199	2,271	2,582	660	3,242
Over five years	256	-	256	402	-	402
Total for the Charity	<u>3,355</u>	<u>678</u>	<u>4,033</u>	<u>4,070</u>	<u>1,169</u>	<u>5,239</u>

17 Capital commitments

There were no capital commitments to report. (2018: £0).

18 Pension Schemes

The Charity is a member of two defined benefit pension schemes providing benefits based on career average pensionable pay. Because the Charity is one of several contributors to these schemes, and is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, Rethink Mental Illness has entered into a deficit recovery payment plan with TPT Retirement Solutions and as such has recognised this liability in the balance sheet.

The last formal valuation of the CARE scheme was performed as at 30 September 2016 by a professionally qualified actuary using the “projected unit” method. A funding update was received as at 30 September 2017; the valuation showed assets of £60.45 million, the liabilities of £85.30 million and a deficit standing at £24.86 million. As a result Rethink Mental Illness will be required to make deficit recovery payments of £374,000 in 2019/20 (£363,000 2018/19); the annual payment will increase by 3% per annum up to 30 April 2028. The Present Value of the future deficit recovery payments is £3,819,000 based upon a discount rate of 1.58% and this is included as a liability in the balance sheet.

The Charity has been informed that the estimated employer debt on withdrawal from the scheme is £24.86 million as at 30 September 2016 the possibility of this debt crystallising is considered remote as it would only crystallise upon the last active member leaving the plan and, therefore, no adjustment has been made to the accounts.

A formal valuation of the Growth Plan Scheme was performed at 30 September 2017 by a professionally qualified actuary using the "projected unit" method. The valuation shows assets of £795 million, liabilities of £926 million and a deficit of £131 million. Rethink Mental Illness will be required to make deficit recovery payments of £145,000 in 2019/20 (£131,000 – 2018/19) and the annual value of the deficit recovery payment will increase by 3% each year up to 30 September 2028. The Present Value of the future additional deficit recovery payments is £873,000 based upon a discount rate of 1.39%.

The Charity has been notified by the TPT Retirement Solutions that the estimated employer debt on withdrawal from the Growth Plan scheme, as at 30 September 2017, was £2,335,000. The debt on withdrawal would crystallise upon the last active member leaving the Plan. The possibility of this debt crystallising is considered remote and, therefore, no adjustment has been made to the accounts.

There have been no new admissions to TPT Retirement Solutions CARE scheme after September 2013.

The Charity also makes contributions to a number of money purchase pension schemes on behalf of certain employees. These include contributions to schemes where Rethink Mental Illness has been granted "admitted body status, and there were contributions to other money purchase schemes.

The Charity has "admitted body status" to the Wiltshire County Council (WCC) pension scheme. Admitted body status was secured when 12 WCC employees transferred to the Charity under a TUPE agreement. The Charity no longer employs any of these employees and therefore no longer contributes to the pension scheme. Following an agreement between WCC and the Charity, a final payment was made to the scheme in the year of £130,000 in full and final settlement of any scheme shortfalls attributable to the charity. The charity had previously provided for a shortfall of £104,000 based on an earlier offer towards settlement.

In line with Government Auto Enrolment requirements, a new defined contribution scheme provided by the People's Pension was made available for all staff to participate in from September 2013 onwards.

Rethink Mental Illness contributions to all defined benefit pension schemes are expected to be £519,000 for the year ending 31 March 2020.

Expenditure charged with regard to Pensions Schemes	2019	2018
	£000	£000
People's Pensions Schemes	494	555
Admitted Bodies	-	3
Money Purchase Schemes	12	13
TPT Care including re-measurement charges	64	963
TPT Growth including re-measurement charges	31	(25)
Wiltshire County Council Pension Scheme	26	104
	627	1,613

19 Subsidiary undertakings

All subsidiary companies dormant or active hold the same registered office address

Registered Office

15th Floor

89 Albert Embankment

London

SE1 7TP

NSF Trustees Limited, Company Registration Number 02515917, incorporated in England and Wales

NSF Trustees Limited is a company limited by guarantee. The Charity has control of this company by virtue of voting rights in respect of the appointment and removal of directors. The principal activity of the company is to act as a Corporate Trustee of any Trust whose objectives include provision for a person or persons suffering from severe mental illness. All activities of this company have been consolidated in the SOFA on a line by line basis.

	2019	2018
	£000	£000
Turnover	71	78
Cost of sales	-	-
Gross profit	71	78
Administrative expenses	(44)	(24)
Gift Aid payable to Charity	(81)	-
Net result	(54)	54

The aggregate of the assets, liabilities and funds:

	2019	2018
	£000	£000
Assets	74	106
Liabilities	(49)	(27)
Funds	25	79

Amounts owed to Rethink Mental Illness included as a creditor in these accounts were £35,000 (2018: £22,000). Amounts owed by Rethink Trust Corporation Limited included as a debtor in these accounts were £nil (2018: £32,000).

Rethink Trust Corporation Limited, Company Registration Number 07327597, incorporated in England and Wales

Rethink Trust Corporation Limited is a private company limited by shares. The sole member of the company is the Charity. The share capital of the company is £250,000 of which £100,000 has been called up and paid representing £100,000 share capital investment by Rethink Mental Illness. The principal activity of the company is to undertake trust business including acting as trustee under wills and settlements and acting as executor and administrator. All activities of this company have been consolidated in the SOFA on a line by line basis.

2019	2018
£000	£000

Turnover	70	82
Cost of sales	-	-
Gross profit	70	82
Administrative expenses	(20)	(24)
Gift Aid payable to Charity	(108)	-
Net result	(58)	58

The aggregate of the assets, liabilities and funds:

	2019	2018
	£000	£000
Assets	161	212
Liabilities	(61)	(54)
Funds	100	158

Amounts owed to Rethink Mental Illness included as a creditor in these accounts were £57,000 (2018: £17,000).

Amounts owed to NSF Trustees Limited included as a creditor in these accounts were £nil (2018: £32,000).

Rethink Mental Illness Limited, Company Registration Number 04570581, incorporated in England and Wales.

Rethink Mental Illness Limited is a private company limited by shares. The sole member of the company is the Charity. The principal activity of the company is the provision of community based mental health related services across England. All activities of this company have been consolidated in the SOFA on a line by line basis.

	2019	2018
	£000	£000
Turnover	16,355	4,995
Cost of sales	(14,101)	(3,453)
Administrative expenses	(1,453)	(1,292)
Gift Aid payable to Charity	(1,051)	-
Net result	(250)	250

The aggregate of the assets, liabilities and funds:

	2019	2018
	£000	£000
Assets	3,187	2,183
Liabilities	(3,187)	(1,933)
Funds	-	250

Amounts owed to Rethink Mental Illness included as a creditor in these accounts were £2,184,000 (2018: £1,179,000). Management charge amounting to £1,453,000 was charged from the Charity to Rethink Mental Illness Limited in the year. (2018: £1,292,000)

Dormant Subsidiary Undertakings

The following two wholly owned subsidiaries are all companies incorporated in England and Wales. They have not been consolidated within these financial statements as they are all dormant and have no assets or liabilities:

- Rethink Severe Mental Illness Limited, Company Registration Number 04396376
- Rethink Mental Health Limited, Company Registration Number 4571057

20 Fund for which the Charity acts as Trustee

The Befriending Visitors Service (not consolidated)

	2019	2018
	£000	£000
Income	-	-
Cost of sales	-	-
Gross profit	-	-
Payment to Rethink Mental Illness	-	-
Net loss	-	-

The aggregate of the assets, liabilities and funds:

Assets	38	38
Liabilities	-	-
Funds	38	38

22. Connected Entities

Mental Health UK a Charitable Incorporated Organisation (CIO) charity number 1170815

Registered Address

15th Floor

89 Albert Embankment

London

SE1 7TP

Rethink Mental Illness is connected with Mental Health UK a Charitable Incorporated Organisation (CIO). Rethink Mental Illness, Hafal in Wales, MindWise in Northern Ireland, and Support In Mind Scotland are all members of Mental Health UK. Mental Health UK is not considered part of the Rethink Mental Illness Group and has not been consolidated in the financial statements.

23. Reconciliation of net incoming resources to net cash inflow from operating activities

	2019	2018
	£000	£000
Net incoming resources before transfers	(187)	(2,829)
(Gains) / losses on investments	(301)	2
Investment Income	(187)	(189)
Depreciation	643	622
(Profit) / Loss on disposal of fixed assets	14	147
Decrease/(increase) in stock	(7)	7
Decrease/(increase) in debtors	90	(51)
(Decrease) / Increase in creditors	(579)	285
Increase in provisions for liabilities	74	(19)
Net cash outflow from operating activities	(440)	(2,025)

24 Analysis of changes in net funds

	At 1 April 2018	Cash flows	At 31 March 2019
	£000	£000	£000
Balance Sheet Cash at bank and in hand	1,890	(902)	988
Cash for Cash Flow Statement	1,890	(902)	988

25 Financial Instruments

At the balance sheet date the group held financial assets at amortised cost of £5,329,000 (2018 £6,991,000), financial assets at fair value of £7,762,000 (2018 £7,006,000) and Financial liabilities at amortised cost of £6,958,000 (2018 £7,907,000).

Thank you for your Support

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For further information
Telephone 0121 522 7007
Email info@rethink.org
www.rethink.org



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Registered Office 89 Albert Embankment, London, SE1 7TP. Rethink Mental Illness is the
operating name of National Schizophrenia Fellowship, a company limited by guarantee.