

**United Response
Annual Report and Accounts
2016/2017**

**Charity Number 265249
Company registration Number 1133776**

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FRIDAY



Objectives and activities of the charity

United Response is a national charity that works with adults and young people with learning disabilities or mental health needs. We are a community based organisation, working in England and Wales, we provide residential care, supported living, day services and employment support.

Our **mission** is to ensure that individuals with learning disabilities, mental or physical support needs, have the opportunity to live their lives to the full.

Our **vision** is a society where everyone has equal access to the same rights and opportunities.

Our **values** are the “golden thread” running through everything we do. We are: *Creative, Strong, Honest, Responsive and United*. These set out a clear framework for our behaviours and how we approach our work.

How our activities deliver public benefit

All our activities are carried out in support of our charitable objects. The core of our work is in supporting people with learning disabilities and those with mental health needs providing services primarily under contracts with local authorities, the NHS and other agencies. It is

central to our ethos and status as a registered charity that we promote and campaign for the wider public benefit of our beneficiaries in terms of equality and citizenship. We have referred to the guidance in the Charity Commission’s general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Beneficiaries

- Adults and young people with learning disabilities and mental health needs, who are supported by United Response (more than 3000 individuals);
- Their families, carers and advocates;
- The wider disability and mental health community; and
- The wider communities we work in and especially the vulnerable people within them.

Supporting people with learning disabilities and people with autism

We provide a range of support services including:

- Supporting people to live where they choose;
- Supported employment and volunteering opportunities, including training;

- Many people we support are on the autistic spectrum. Our staff are trained in recognised techniques, so that they can provide effective support;
- Life skills – supporting people to develop interests, hobbies and skills, including skills to help manage their own home and money;
- Support to develop and maintain relationships with friends and family;
- Accessible communications to support people to speak up; and
- Advocacy – working with people so they can speak for themselves.

Supporting people with complex needs

- We have particular expertise in working with people with complex needs including those with profound learning disabilities.
- We also support a growing number of people with learning disabilities who also experience mental health difficulties.
- A large proportion of the people we work with have complex behaviour support needs, and we support them to live fulfilled lives as part of their community, using active support and positive behaviour support techniques.
- Many of the people we support have additional physical or sensory support needs.
- We support people with a range of physical disabilities ranging from, for

example, impaired motor skills, to profound and complex physical disabilities.

Supporting people with mental health needs

- We support people with a range of mental health needs.
- We provide a variety of mental health services, working in partnership with clinical partners, including community support and outreach, supported living, supported housing and vocational training.
- Our emphasis is on wellness and recovery, and where possible we focus on early intervention to help prevent more serious problems from occurring.

Supporting young people in transition

- We provide support to young people in transition to help them explore their options, try out new activities, build their skills and to plan for a future of increasing independence.

The Way We Work

Our approach focuses on getting to know people's aspirations and helping them achieve them. We support people to live independently and to contribute to life in their own communities. We have a strong track record of supporting people to build their independence and in reducing support needs over time. We build our approach around the preferred routines and activities of each individual we support, supporting people as active citizens who have the capacity to be engaged in a range of activities. This approach is called 'active support' and is underpinned by our person-centred ethos and a positive

approach to risk taking. All of which help our staff to support people to take control of their lives and to develop through new experiences.

We recognise our primary duty is to ensure the people we support remain safe and well and are protected from abuse. We have procedures for our staff to work with local safeguarding boards and the Care Quality Commission (CQC) to safeguard the people we support. These sit alongside a range of control measures and processes such as risk assessment, person-centred planning and positive behaviour support planning. Our guidance to staff includes a whistle-blowing policy and detailed guidance on the Mental Capacity Act and Deprivation of Liberty (DOLS) legislation and this is supported by regular staff training and highlighting safeguarding practice in internal briefings. We encourage and welcome the involvement of the families and friends of people we support. This in itself acts as a safeguarding measure, alongside being an essential aspect of the quality of life of people we support.

Trustees' Report

2016/17 has been a challenging year, one during which we have held true to our core values and strengths while managing our affairs in increasingly turbulent times.

I would like to begin by thanking all our staff for their hard work and dedication, they have ensured that we have continued to deliver consistently good quality services to all our beneficiaries.

We have successfully completed the formal process of merging with Robert Owen Communities (ROC). Over this financial year we have successfully supported people receiving support, staff and services to become a part of United Response. They formally became our new Devon area in the South West region on 1st April 2017. The successful merger has strengthened our provision throughout Devon and Cornwall. They bring three services rated as "Outstanding" by the Care and Quality Commission (CQC) as well as innovative well-being services. We warmly welcome all the people being supported, their families and our new colleagues into United Response.

We have commenced the implementation of our new corporate strategy which is focused on securing our financial sustainability, driving forward good outcomes for the people we support, whilst continuing to grow and develop the organisation. Our services, where rated by the CQC, continue to outperform their State of Care Inspection statistics.

The financial pressures facing our sector are increasing significantly, we have worked hard to secure additional funding to manage our rising pay bill, including implementation of the National Living Wage (NLW). We are working in partnership with other organisations in asking the Government to resolve the position on payment for overnight sleep-in shifts and the associated financial implications for the social care sector as a whole.

The board welcomes three new trustees, Bill Hodson, Alistair Ballantyne and Katherine Rake who joined in early 2017/18. We look forward to utilising their areas of expertise and knowledge. I would like to thank my fellow trustees for their ongoing hard work and support.

As we welcome people, we also say goodbye, I and my fellow trustees expressed our

gratitude and thanks to both James Churchill and Pankaj Shaj, as they stepped down from their positions on the board of trustees. They have volunteered their time and displayed great dedication during their time as trustees and will be much missed.

Finally I would like to thank Clare Million, Director of Finance and Vicky Grieg, Director of Human Resources and wish them well in their new ventures. We also wish Diane Lightfoot, Director of Policy and Communications great success in her new CEO role. We welcome Jerome Walls as Director of Finance and Mark Ospedale as Director of Human Resources.

Although we are operating in a challenging economic environment, we have a clear and detailed strategy that is being driven forward by CEO, Tim Cooper and all his dedicated staff.

Maurice Rumbold
Chair of the Board

United Response in 2016/2017 at a glance:

- Across England and Wales we support 3,000+ people and employ over 4,000 staff
- We contract with 80 local authorities and Clinical Commissioning Groups
- The annualised value of new work in 2016/2017 - £6.3m

How the Care Quality Commission (CQC) rate our services?

We have

- 75 registered care services, 73 have been inspected under the CQC framework
- 41 care homes
- 34 supported living/domiciliary care services
- Achieving a 67% “good” and 3% as “outstanding”

- Robert Owen Communities (ROC) brings 5 registered locations, 3 of which have received “outstanding” CQC reports.

What do people we support and their families think of our services?

- 99.5% of people we support feel safe when with their support staff
- 95.5% of people we support say their support workers listen and talk to them
- 94.5% of families rate the quality of our support as good or excellent
- 97.3% of families think that staff treat people with dignity and respect
- 96.8% of families think that their relative has the maximum independence possible and is supported to feel safe

Raising aspirations

- We enabled 36% of the people we support to move into or towards employment
- 41% of people we support are involved in volunteering

Online audiences




- We received 520 on-line enquiries requesting support for themselves or others
- There were 185,480 unique user visits to our website: a 23% increase on the previous year
- We had 10,000 followers on Twitter with 1,946,136 views of our content posts
- Nearly 2,800 Facebook fans helping to achieve 17,410 views of our content posts
- 2,271 unique visits to our campaigning website Postcards from the Edges: a 24% increase.

Strategic Report


Our corporate strategy agreed in 2016 is designed to allow us to continue to hold true to our values whilst providing high quality, person centred and innovative services in an increasingly difficult and challenging economic climate. Over this year we aimed to remain financially sustainable in order to allow us to achieve good outcomes for the people we support. We wanted to sustain a distinctive reputation as a leading provider within our sector in order to attract and retain talented staff who deliver our aims and objectives in a consistent manner, whilst allowing our innovative services to grow and develop.


Achievement & Performance


We have revised our performance reporting to show more transparently how we have done against the targets we set ourselves. We set out below our key objectives for the year ended 31 March 2017 and our achievements against these plans.


	Fully met
	Partly met
	Not met

1: To ensure that we remain financially sustainable


<p>We said:</p> <p>The charity would ensure consistent financial performance</p>		<p>In 2016/2017 our achievements were:</p> <ul style="list-style-type: none"> • Underlying financial performance, before the donation of net assets from the merger with ROC, was £0.3m behind expectations. The net underlying deficit on operations, before the effect of the merger of ROC's net assets, was £1.5m higher than planned at £1.9m but this was mitigated by an improved performance on the investment portfolio which rose by £1.1m. • Total Staff costs were in line with plan at 87% of income. • Void income losses reduced in the year by £0.1m to £0.7m. • Overall trade debt levels fell to £7.2m or 43 DSO ('Days Sales Outstanding') from £8.2m or 50 DSO in 2015/16. However, debt over ninety days in age grew by £1m to £2.1m. • We have invested significant effort in negotiating increased income to meet the higher cost base in 2017/18 resulting from pay increases. • We made the decision to not implement one large new successful bid on the grounds that it was not financially sustainable and exits were made during the year from two significant contracts for similar reasons.
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<p>We said:</p> <p>Robert Owen Communities (ROC) would be integrated into United Response</p>		<p>In 2016/2017 our achievements were:</p> <ul style="list-style-type: none"> • ROC (Robert Owen Communities) successfully integrated with United Response. During this merger period over 400 people continued to receive the same excellent quality care. • ROC staff were successfully transferred into the newly created United Response Devon area of our South West Division. • Of the five CQC registered services transferring from ROC, three of them have achieved an 'outstanding' rating, a tremendous achievement. We are already sharing ideas and working together to deliver innovative services across the wider South West Division. • The creation of the new Devon area brings contracts in worth over £6m.
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<p>We said:</p> <p>We would manage impact of National Living Wage(NLW)</p>		<p>In 2016/2017 our achievements were:</p> <p>As a charity we are dependent on our skilled workforce and the expert care that they provide for the people we support. We believe that our staff should be paid at a level that properly reflects their skills and commitment. We therefore welcomed the implementation of the National Living Wage on 1st April 2016. However, the level of funding we receive from local authorities to provide care is set locally and does not yet fully recognise the true costs of the increase in staff costs. Over the last year we have therefore continued to work to try to improve the funding we receive by:</p> <ul style="list-style-type: none"> • Working to secure support at the highest level in Government, engaging with relevant departments, civil servants and Ministers in order to ensure that the Government both understands and responds to the financial impact and unintended consequences of the NLW. • In this tougher financial climate we have had to be increasingly selective about the new business we have pursued, we have successfully secured £6.3m new business from tenders, framework and negotiated work. For new contracts we have ensured that hourly rates fully meet the realistic delivery costs including covering the cost of the NLW, as well as agreeing appropriate exit clauses. • We have worked hard to increase our income by negotiating with all our funders to increase fees to balance these extra costs. • We have made the case to Government that our supported employment work can be highly complementary to social care, delivering both improved outcomes and value for money.
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<p>We said:</p> <p>We would implement our agreed plans to increase our Housing Revenues and Capital funds.</p>		<p>In 2016/2017 our achievements were:</p> <ul style="list-style-type: none"> • We secured an additional £270,000 in rental and service charge income for existing services. • We developed 23 new bed spaces of accommodation. • We initiated a research project to evaluate options for increasing our access to new housing.
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2: Enable the People we Support to Achieve Good Outcomes


<p>We said:</p> <p>We would deliver a high quality and safe service to the people we support and ensure that we are compliant with CQC and other regulations, achieving the highest possible ratings.</p>		<p>In 2016/2017 our achievements were:</p> <ul style="list-style-type: none"> • We continued to revise and update our policies and processes under a Good Governance framework, focusing on high standards of care, transparent responsibility and accountability within an ethos of continuous improvement. We completed our third, annual user satisfaction survey. • People we support reported that : <ul style="list-style-type: none"> 99.5% feel safe when they are with their United Response support staff 95.5% say their support workers listen and talk to them 94.5% of families rate the quality of support as excellent/good 96.8% of families think that their relative has the maximum independence possible and is supported to feel safe and manage risks • Our CQC overall inspections ratings continue to show a positive result against CQC national statistics. 36 inspections were completed within this year, resulting in the following ratings: 1 outstanding, 24 Good, 10 Requires Improvement and 1 Inadequate. 9 of these inspections were re-inspections, with 4 moving from Requires Improvement to Good and 1 moving from Inadequate to Requires Improvement.
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<p>We said:</p> <p>We would ensure that our practice is person centred, reflects best practice and is readily responsive to the individual's (changing) needs and aspirations</p>		<p>In 2016/2017 our achievements were:</p> <ul style="list-style-type: none"> • We held a Practice Leadership Summit which was attended by a specially invited cohort of academics and highly respected practice experts to develop shared approaches to promote best practice. • We have developed a new interactive e-learning Open Access training programme that enables staff to develop their knowledge and skills of specialist practice including active support and total communications. • We have developed the resources to promote the value and importance of developing best practice skills which will be rolled out within the next eighteen months in our practice development pilot areas.
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3: We have a distinctive reputation as a provider and influencer


<p>We said:</p> <p>We would review and assess legislative and policy developments to assess their implications for United Response and influence for broader policy change</p>		<p>In 2016/2017 our achievements were:</p> <ul style="list-style-type: none"> • We have run a number of successful campaigns during the year which have included ones highlighting the value of good social care, the power of employment for people with a learning disability, encouraging people with a learning disability to exercise their right to vote and cross-sector campaign to secure appropriate funding for the learning disability sector. • We continue to promote the democratic rights of the people we support by creating and promoting accessible information about politics and current affairs. During this period we created and published 6 Easy News Magazines along with an EU Referendum Special. We sit on the Cabinet's Accessible Information Committee providing expert opinion. • We relaunched our <i>Postcards from the Edges</i> campaign to provide a creative platform for the wider public and the people we support and their families to share views on what good social care looks like and why it is so important. Ahead of the Chancellor's Autumn Statement 2,271 people took the opportunity to visit the website send a message via the social media hashtag #TellPhil. • We have worked with the Voluntary Organisations Disability Group and during the year co-founded Learning Disability Voices to ensure that the disability sector's voice is heard by Government and policymakers. This collaboration has included facilitating a cross party working group of MPs and Peers to debate some of issues that affect people we support and ourselves as a provider organisation. We have effectively communicated the unintended consequences of some of the Government's policies, highlighting the potential consequences if changes are not made, for example on the payment for and funding of sleep in shifts. • We have hosted visits to our services from and met with key Ministers, in particular to enable them to understand better the issues we face in delivering good social care in the current funding climate and what can be done to address the disability employment gap for people with learning disabilities. • We have provided both verbal and written evidence to various inquiries and consultations, including: Adult Social Care, Transforming Care, Disability Employment, the future funding model for supported housing and the Great Manchester Works and Skills Strategy. We jointly sponsored research by the Centre for Social Justice (CSJ), to inform a response to the disability and employment green paper.
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4: To attract and retain talented staff who deliver our aims and objectives

We said: We would recruit the best people to work for us, whilst motivating, developing and retaining our staff.		In 2016/2017 our achievements were: <ul style="list-style-type: none">• We have agreed a new People Strategy which will be delivered over the next three years. In this year we made a number of improvements to our human resources delivery including new Rapid Response Teams, to reduce agency usage, implemented Applicant Tracking Systems, reviewed recruiting procedures and created a small central Recruitment Team.• We have signed up to the Mindful Employer's Charter for Employers to demonstrate our commitment to the mental wellbeing of our staff.• We relaunched our employee consultative forum, United Voice, and there has been good dialogue and debate with staff representatives on a number of key issues.
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5: We Grow and Develop our Services

We said: We would develop new services; increase the number and range of people we support. Ensure we anticipate and adapt to new markets changing commissioning arrangement and new service models		In 2016/2017 our achievements were: <ul style="list-style-type: none">• We secured new business with an annualised value of £6.3m.• We saw growth in 17 of the 24 areas in which we work and the creation of a new area in Devon through the merger with ROC.• Our bid success rate has risen to 79%.• We reduced the number of bids we submitted as a proportion of potential opportunities, as a result of more selective approach in the difficult financial climate.• We established strategy working groups to refine and develop our offer in respect of Transforming Care, Young People's Services and Supported Employment.• We successfully brought ROC into United Response as a subsidiary.
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<p>We said:</p> <p>We would build our capabilities and reputation as a Supported Employment provider</p>		<p>In 2016/2017 our achievements were:</p> <ul style="list-style-type: none"> • The Employment Team secured a number of new contracts including delivery of Specialist Employability Support [SES] Programme as a sub-contractor for Shaw Trust in Cheshire, Cornwall and North Wales and Journey to Employment contracts in the North West commencing in summer 2017. In addition we started the New Leaf Project in Cheshire using Building Better Opportunities funding from Lottery/ESF and we secured Skills Funding Agency funding for a cohort of Internships in Cornwall and York. • We completed significant work over this period to refine our ways of working, developing a new operating model, building partnerships with a wide range of Welfare to Work prime providers and improving our infrastructure and reporting systems so that we are now well placed to meet the stringent Department of Work and Pensions requirements that accompany the new Health & Work Programme.
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Plans for future periods

Our strategic objectives over the period 2016/2020 are:

1. To enable people we support to achieve good outcomes
2. To develop our people and culture
3. To have a distinctive reputation as a provider and influencer
4. To continue to grow and develop the organisation
5. To ensure that we remain financially sustainable

Within this, our service priorities are:

- **Transforming Care** - to provide support to more people with complex needs, in line with the Department of Health's *Transforming Care* agenda, building on our excellent reputation as a provider in this area
- **Young People** - to expand our offer to young people including developing our pioneering student housing model and supporting students at mainstream colleges and universities
- **Mental Health** - to grow and develop our support to people with mental health needs beyond our current core geographies
- **Supported Employment** – to increase the scale and reach of our specialist supported employment services and support more people to access work opportunities through our housing-based services.

In order to achieve these priorities we have identified that we will need to strengthen our capacity and capabilities in the following five areas which will underpin our delivery:

- **Practice Development:** Enabling our staff to be confident and competent in delivering our *active support* and *positive behaviour support* approaches is fundamental to our success. Continued investment in a broad range of learning and development is critical.
- **Commercial Management:** In a climate of continued 'austerity', we will ensure that our managers are skilled and confident to make good financial decisions, are able to assess and manage business risk and pre-empt changes in our local markets.
- **Housing:** Having access to a safe, and comfortable place to live is an integral part of the services we offer. In order to respond both to the needs of people we support and new business opportunities we need to increase both the speed and scale of access to good quality housing.
- **Technology and streamlining:** Ensuring that our business systems enable us to deliver cost effective finance, HR, ICT, Marketing and Communications services 'right first time' across a widely dispersed, complex organisation. We will also enable people we support to access 'personalised technology' enabling them to exercise greater control over their lives at reduced cost.

- **Working with others** – partnership working with people we support, families and other agencies to develop and deliver both our operational support and our campaigns.

In the coming year 2017/18 our particular focus will be twofold:

1. Financial sustainability – addressing the funding challenges facing the social care sector,
2. Consistency of service quality – ensuring that we deliver consistently good services across the organisation and that to support this that we are able to recruit and retain good members of staff.

Financial review

The development and performance of the charity's business during the financial year and future outlook

The external financial environment has continued to be difficult with the challenges of the National Living Wage (NLW), the changes in the sector affecting Sleep In payments and the ongoing climate of austerity that continues to affect all our main funders. Despite the economic climate we have been successful in gaining new work with an annualised value of £6.3m (2015/16 - £6.7m). This was partially offset by the ending of contracts with a value of £3.8m due to lack of financial viability or change of circumstances of the people supported. The success rate in winning new business has improved in the year as all quality, operational and financial criteria must be met before bidding for and accepting new business.

In April 2016, ROC, a Devon based charity providing similar services to those of United Response to people with a learning disability, became a subsidiary and work was undertaken during the year to fully integrate the organisation operationally into United Response which was mainly completed by the end of the year. This has significantly strengthened United Response's position in the south west of England.

During the year, there was considerable attention to the care sector's traditional approach to the payment of Sleep In allowances and how the NLW regulations affect this. Consequentially, United Response, in line with the majority of major providers, has taken the decision to pay all Sleep In hours within the NLW regulations from April 2017. This change, combined with the rise in the actual NLW for 2017/18 will add considerably to the underlying cost base in 2017/18. Management has implemented a systematic programme of negotiating funding increases to cover the predicted cost rises which, whilst fully or partially successful in the majority of cases, may not be sufficient to prevent a deficit in 2017/18 that will need to be funded from reserves. The reserves base is strong with unrestricted reserves of £29m with over £20m in liquid assets.

To ensure that the organisation is able to return to its financial objective of producing a surplus of at least 1% of total incoming resources the trustees and executive management are focused on developing and implementing an integrated financial and operational plan that will focus on maximising funding levels year on year, improving the direct contribution of services through efficiency and service redesign, growth and lowering overall management support costs through reviewing the model of delivery.

The financial position of the company at the end of the year

The consolidated financial statements for 2016/17 include the results of ROC, and its fully owned subsidiary Robert Owen Communities Housing ("ROCH") since the acquisition on 1 April 2016. The charity recorded a rise in reserves of £3.3m (2015/16 – a decrease of £0.8m).

The total unrestricted operations, through both general and designated funds but before the effect of gains on investments, recorded a net surplus of £1.9m in the financial year compared to a deficit of £0.1m in 2015/16. However, after adjusting for the effects of the donation of the net assets arising on the amalgamation of ROC (£4.1m), there was a total underlying overall operational deficit of £1.9m in the year.

Overall income, before the inclusion of the assets acquired in the amalgamation of ROC, grew by £10.5m to £89.6m in 2016/17 (2015/16 - £79.1m) as a result of the inclusion of £6.5m of income from ROC and a net £4m of new business. The principal sources of funding continue to be through contracting with local authorities in England and Wales for the provision of statutory services for clients with learning disabilities in a supported living or residential care environment. In 2016/17 this was £82.2m or 92% of total incoming resources before assets arising on amalgamation (2015/16 – £73.7m or 94%).

Total expenditure increased by £12.3m to £91.5m (2015/16 - £79.2m) over the same period. Designated funds of £1.1m (2015/16 - £1.7m) were utilised to enable continued investment in the strengthening and development of the organisation.

Direct charitable expenditure has increased by £10.1m to £77.8m (2015/16 - £67.7m) due to the amalgamation of ROC's services, alignment of depreciation policies of ROC with United Response and underlying business growth. Overall support costs have risen to £13.6m (2015/16 - £11.3m) due to the inclusion of ROC's support costs (£0.8m), increased IT and other costs associated with the integration of ROC.

Voluntary income amounted to £0.5m in the year and was £0.3m higher than the previous year due primarily to a substantial legacy. The costs of raising funds has risen by £0.05m to £0.16m due to the integration of ROC.

Net current assets at 31 March 2017 were £5.7m (31 March 2016 - £5.2m). The group continues to maintain a strong balance sheet with high levels of liquidity in cash, deposits and investments totalling £20.7m (2015/16 - £19.7m). The cash used in operations of £1.5m (2015/16 - £1.2m) during the year was in line with the underlying operational deficit of £1.9m.

The income of ROC and its subsidiary, ROCH, fell by £0.2m to £6.5m (2015/16 - £6.7m) as there was no income from asset sales in 2016/17 (2015/16 - £0.4m). Underlying income from charitable activities grew by £0.2m to £6.4m (2015/16 – 6.2m). ROC reported a deficit of £0.08m in 2016/17 (2015/16 – surplus of £0.06m) due primarily to lower asset sales.

United Response in Business Limited had gross income of £560k in 2016/17 (2015/16 - £551k) and recorded a breakeven position (2015/16 – Nil). The company's main objective is to provide employment opportunities for people with learning disabilities or mental health needs by running social enterprises.

Investment Policy and Performance

The trustees have broad investment powers, set out in the Memorandum and Articles. The Board establishes the charity's investment policy and reviews the target return annually. The management of the investment portfolio is then delegated within clearly defined terms of reference to the Investment Group, which reports regularly to the Finance and Resources Committee. This Committee advises the Investment Group of any changes in business needs during the year so that action can be taken accordingly. The group does not have a formal investment policy with respect to social, environmental or ethical investing.

The charity's investment policy is based on an absolute return approach. The target during 2016/17 was to achieve UK RPI plus 1% with this measure averaging 3.1% for the year ended 31 March 2017. The investment portfolio is allocated across a limited number of widely diversified specialised funds, together with a small number of direct holdings in corporate bonds, with any amounts not invested being held as cash.

The positive market conditions and active management combined to produce a return of 12.9% compared to the internal target of 3.1%.

The positive return on the investment portfolio was £1.5m, of which £1m related to unrealised gains. Excluding cash held on investments, the value of the portfolio at 31 March 2017 was £9.6m, an increase of £1.3m compared with the previous year (£8.3m).

Changes in Fixed Assets

Changes in the charity's fixed assets are shown in notes 10 and 11 to the accounts.

Reserves

United Response's free reserves represent unrestricted general funds which have not been designated for a specific purpose and are therefore available for use within the charity's objects.

United Response needs reserves to protect it against risks and to ensure financial sustainability, including an adequate level of working capital to provide a financial buffer. Reserves also enable us to take advantage of opportunities to develop our activities, and to enhance support to people, over and above that which we can provide from income received under contract.

The trustees carried out a review of the reserves policy of the organisation and agreed to adopt a policy based on the actual quantifiable risks facing the organisation that, should they occur, would diminish the free reserves of the organisation. This replaces the previous policy of setting the targeted free reserves as two months' of unrestricted expenditure. At 31 March 2017 the target reserve range is £12.6m to £19.2m and United Response had general

reserves of £20.9m (2016 - £15.5m) which is £1.7m or 9% above the upper target level. The trustees consider that holding reserves in excess of the stated policy is appropriate given the current funding environment that the charity operates within and the risks relating to rising costs.

The trustees have also designated reserves in individual funds for specific development purposes of the organisation. As at 31 March 2017 the total designated reserves level was £8.2m (2016 - £10.5m) and during the year £1.1m of funds brought forward were utilised. Additionally, the trustees reviewed the designated funds held as at 31 March 2017 and, due to several funds being of a general nature, determined that funds to a total of £3.7m would be more appropriately classified within general reserves, and so these funds have been de-designated. Utilisation of designated funds during the financial year mainly included work on implementing the new HR and Payroll system, supporting the diversification process into Supported Employment and the costs associated with the integration of ROC and ROCH into United Response. The utilisation of these funds are detailed under note 19.

United Response has £1m in restricted funds at 31 March 2017. Further details of these funds are included under note 17.

Key Risks & how we manage these

United Response works systematically to ensure that we effectively identify and manage risks to the organisation, to the people we support and to our colleagues. The risks and mitigations are recorded in the corporate risk register, which is produced and managed by the Executive Team and regularly reviewed by both the Audit and Risk Committee and the Board of Trustees. The Executive Team has responsibility for assessing the probability and impact of risks, for ensuring that appropriate mitigations are in place and for reporting on this to Board and committees. As a devolved and growing organisation working within the regulated and high risk supported living sector, the organisation is developing a risk assurance framework to ensure that the wide range of risks to which the organisation is subject to are being monitored appropriately.

The main areas of specific risks identified and the key approaches to mitigation are outlined below.

The cost base rises faster than funding levels

The organisation is faced with two significant cost rises in 2017/18. Firstly, the rise in the NLW in 2017/18 will impact the cost base by £2m in the year. Secondly, United Response, in common with several major providers in the sector, has moved away from the norm of paying for a sleep-in at a flat rate, to a system that ensures that all hours that an employee is in attendance are paid at no lower than the NLW. The cost of this structural change was budgeted at £5.4m in the 2017/18 financial year.

To mitigate these significant cost changes United Response has carried out a systematic review of contract rates and requested funding levels from local authorities that ensures the financial sustainability of all contracts. The response from funders, whilst mainly positive, has differed depending on their own financial position. This initiative is on-going and will be an annual exercise dependent primarily on the NLW continuing to rise annually.

As it is not expected that all cost rises will be matched by funding increases, the organisation has launched specific actions in the following areas:

- Continuing the success in growing the organisation, organically or by business combination, focusing on opportunities that may enhance financial performance.
- Growing the strategy of active engagement with government to ensure that the funding challenges are fully understood at policy decision making levels.
- Specific business reviews on a funder by funder basis to ensure that they are maximising financial contribution without risking the quality of the service offered.
- A review of service delivery models to ensure that efficient approaches to delivery are adopted including how technological solutions can be used.
- A review of how business support services are delivered to the operational front line.
- The corporate structure is being reviewed to ensure that services are contracted in a tax-efficient manner.

Whilst the detailed initiatives are being introduced and, before the full impact is delivered, the organisation is fortunate to have a strong and stable reserves base of which only a small element is restricted. During the year the underlying unrestricted reserve base grew by 35% to £20.9m.

Impact of a potential Sleep In Back Pay liability

Sleep-Ins occur in cases where People We Support require a staff member to be physically present at night in case of emergency but the staff member is not required to be working and is allowed to sleep unless required to work. United Response, in line with the majority of organisations within the care sector, had to 1 April 2017 applied a flat nightly wage rate determined by the specific funding allocated by the contracting local authority. However, HMRC has been undertaking compliance reviews on providers within the supported living sector and there is a risk that HMRC will impose an order for non-compliance on United Response as it undertook a review in July 2016 into a specific case notified to them by an individual staff member. At the time of completing these accounts, we had not received such a ruling. However, given other rulings within the sector, should United Response be found not to have been in compliance with regulations, then it is possible that HMRC would seek to require United Response to self-assess all occurrences of non-compliance for up to six years or enter HMRC's recently announced voluntary compliance scheme for social care providers who have undertaken sleep ins. Both of the aforementioned may result in a significant liability to the organisation which could require the trustees to take significant remedial action.

The risk associated with this potential situation is a sector wide issue. The various trade associations have been actively lobbying central government to provide funding to meet any liabilities that may crystallise. Additionally, United Response believes that the length of any back assessment made by HMRC would be open to challenge due to the confusing and inconsistent policy announcements that have been made by the HMRC and the Department of Business, Energy and Industrial Strategy over recent years.

There is no risk associated from 1 April 2017 as, from this date, all hours undertaken by staff whether on normal shifts or sleep ins, have been paid on at least the NLW when averaged across the total hours undertaken.

Staff recruitment, retention and engagement

Recruitment, retention and engagement levels have continued to be lower than required and have contributed to increased costs, notably agency expenditure, high levels of staff leaving shortly after joining and some difficulties in implementing change within the organisation.

To improve performance in this area the organisation is building on previous actions centred on targeted and rapid response recruitment initiatives through:

- An end to end review of the total recruitment process.
- A relaunch of the Employer Brand to boost the effectiveness of recruitment campaigns.
- The adoption of enhanced rewards for Sleep Ins and external benchmarking of pay levels.
- The relaunching of the staff liaison forum, United Voice.
- The appointment of a specific senior manager responsible for Organisational Development.
- Ensuring that senior management are increasingly visible within the organisation.

Ensuring people we support remain safe and well

Ensuring that people we support are able to live full and valued lives while keeping safe and well, and that significant safeguarding incidents are avoided, are inherent risks in our work which is managed through ensuring that staff are well trained and supported and work within a framework of clear policies and procedures backed up with relevant mandatory training and through the use of individual person centred plans and risk assessments. The revised Quality Assurance system is now fully embedded within the organisation with the Operations Committee providing trustee oversight. Relevant management information and Key Performance Indicators (KPIs) are reviewed on at least a quarterly basis and a software reporting system is under initial planning.

Capacity to manage major change

As a large and devolved organisation working in a low margin service sector there is a risk that there is insufficient management capacity to oversee the range of change projects required to develop the organisation, including income diversification activities, with the risk that change programmes suffer from a combination of not meeting expectations, delays and cost overruns. The main actions to control this risk are:

- Ensuring the organisation is focused only on key objectives.
- That the change projects are managed from an overall programme basis to ensure that an appropriate overview is obtained.
- That all projects are subject to robust and proven governance methodology.
- That appropriate external interim and corporate resource is utilised as necessary.

Other financial risks

Credit risk is considered low by management due to the overwhelming majority of the customers being local authorities. Payment delays are usually caused by inaccurate invoicing due to a combination of changed rates or clients who have moved between services. There is no exchange risk as all services are within the UK and minimal overseas procurement. Liquidity risk is controlled primarily through the management of reserves and investments as detailed separately in this report.

List of supporters for 2016/17

Trusts, Corporates & Individuals

Barclays Bank PLC
Big Lottery (New Leaf Project)
Charles Brotherton Trust
The Clothworkers' Foundation
Davcoo Ltd

Ernest Kleinwort Charitable Trust
European Skills Fund
Godfrey Holmes Foundation
Naga Munchetty
Philip Perry

Rosemary Nitsch
Sam Morley
Suffolk University
Sylvia and Colin Shepherd Charitable Trust

Legacies

From the estate of Mr Simon Raynor
From the estate of Miss Joyce Engdahl

Challenge event participants

Nikki Cowen – Brighton Marathon
Graham Marston – London to Brighton cycle
Danielle Mendel – Ealing Half Marathon
Paula Millington – London to Brighton cycle

Alice Napier – Kew Gardens 10k
Lauren Napier – Kew Gardens 10k
Olaolu Olorunnimbe - South Coast Challenge
Sophie Thompson - South Coast Challenge

RideLondon cyclists 2016

Diane Lightfoot
Jeff Thurgood
Robin Maingay
Olivia Digby
Gideon Hymas
Winston Matthews
Steve Thomas

Anna Gripenstedt
Richard Materek
Colin Lathwell
James May
Alexander Eggs
James Smith
Anthony Greeves

Rory Gardner
Andrew Steele
Peter Thomson
Ashwin Rebello
Vincent Fairclough
Jerome Walls

London Marathon runners 2016

Laura Apps
Maria Barnes
Emma Bradford
Tom Buckley
Florence Emond
Tania Exell
Andrew Fissenden
Charles Garthwaite
Charlotte Hill
Christopher Rawcliffe
Pardeep Kalsi
Kate Knight
Jim Lumsden
Winston Matthews
Teresa Milnes
Jonathan Miller

Duncan Moore
Lindsey Simmonds
Karl Simpson
Zara Sukharisingh
Isadora Tharin
Joe Timms
Jack Webb
Dan Wren

London Marathon runners 2017

David Berry
Kevin Berkowitz
Darren Cooper
Sam Darke
Richard Edelmuth
Jennifer Fissenden

Keri Flanagan
Nancy Fowler
Andrew Hornsblow
Sean Katz
Amit Katz
Alex Kelly
Kate Knight
Chelsea Layzell
Sarah Marshall
Taras Mencinsky
Wayne Miller
Christopher O'Neill
Anna Palmer
David Schulhoff
Graham Taylor
Pamela Wiggins
Adam Woodward

We would also like to say a big thank you to:

- Debra UK for partnering with us for our annual golf day
- Bath Cricket Club for hosting a T20 charity cricket match against Bath Rugby
- Freshfields Bruckhaus Deringer LLP and Crowe Clark Whitehill for kindly providing meeting facilities, accommodation and refreshments for

our board, committee meeting and away days.

- Duke's Hotel for donating the use of their Marlborough Suite, and St Mary's University students for volunteering their time at our London Marathon reception.

Structure, governance and management

The charity is incorporated as a company limited by guarantee and is governed in accordance with its Memorandum and Articles of Association. United Response in Business Limited is a wholly owned subsidiary of United Response. Robert Owen Communities and its subsidiary, *Robert Owen Communities Housing*, are charities with United Response being the sole member of ROC and ROC being sole member of ROCH.

The organisation is governed by a board of trustees, led by the Chair.

The trustees, who have the powers and obligations of Directors under the Companies Acts 1985 and 2006, have ultimate responsibility for United Response's leadership and strategic direction, for its stewardship, overall financial and organisational control, monitoring progress and ensuring compliance. The Board also has responsibility for protecting the reputation and values of the organisation, sets the long term vision, and holds the Chief Executive and Executive Team to account whilst maximising

their performance for delivering United Response's policies, strategies and objectives.

The process for recruiting new trustees is to advertise the positions, accept applications and interview a group of shortlisted candidates. People we support participate in these interviews. We aim to achieve a balance of expertise and knowledge on the Board and also to ensure that all parts of society are represented. Once appointed, trustees undergo a thorough induction process and receive updates and information on a regular basis.

The board of trustees meet at least four times per annum and are supported by three sub-committees.

The Finance and Resources Committee has oversight of the key financial aspects of our work which stem from the financial, HR, investment and other resource related strategies. The committee oversees the Investment Group that manages the investment portfolio on behalf of the organisation.

The Operations Committee focuses on quality and safety of services to the people we support, using and interrogating a wide

variety of data sources to triangulate and provide assurance. Its purpose is to scrutinise information that assures trustees that we are providing safe, high quality, effective services consistently and routinely, that we meet regulatory requirements and that we are providing best practice models wherever possible that reflect and involve the views of the people we support, their families and carers.

The Audit and Risk Committee has oversight of external audit and of internal controls across United Response including quality assurance systems and health and safety arrangements.

Each committee is able to appoint up to two co-optees/specialist advisors to enhance their work, should the committee chair and committee members feel this would add value to the work of the committee. This also provides us with greater flexibility enabling us to draw on a broader range of skills and involve advisors without them having to assume wider governance responsibilities.

Remuneration of the Executive Management Team

The Finance and Resources Committee has responsibility for overseeing the pay and reward of the Chief Executive and Executive Directors. The Committee undertakes periodic

benchmarking, using external advice, to ensure that pay and reward of senior staff is appropriately reviewed against comparable organisations in the charitable sector and is proportionate to the pay and reward of staff overall in the charity. The Committee reports its findings to the board of trustees.

Equality

United Response is proud of the support it provides through a diverse workforce matched to the communities in which we support. Through clear engagement, training and leadership our workforce is adept at being inclusive and recognising that diversity brings strength and opportunity for people to achieve their best. United Response works tirelessly to evolve our inclusive culture further through adopting the Disability Confident framework, Mindful Employer charter and actively works to encourage people we support to gain meaningful employment. United Response embeds the principles of the Equality Act throughout the organisation.

Employee Engagement

Communication to staff is regarded as an important priority within the organisation. This is arranged through sharing announcements through the intranet (“the

Hub”), a monthly all staff briefing email that collates all monthly announcements that staff should be aware of, the Your Link magazine and the encouragement of regular staff team meetings and personal one to one sessions. The Chief Executive cascades a regular monthly briefing of the key developments and issues facing the organisation. Staff are represented by the United Voice staff consultation group that meets on a quarterly basis to discuss staff concerns with senior management and who are consulted with on all policy changes affecting staff.

Board of Trustees

The trustees who served during the year were as follows:

Chair - Maurice Rumbold

Vice-Chair – Brian Aird (and Chair of Finance and Resources Committee) – resigned July 2017

Vice-Chair – Helen England (and Chair of Operations Committee)

Honorary Treasurer - Charles Garthwaite
David Aitman – Chair of Audit and Risk Committee

James Churchill – resigned July 2016

Karie Clifford
Sandra Hannington
Sue Jagelman
Bronagh Scott
Pankaj Shah – resigned July 2016
David Willis
Alastair Ballantyne – appointed May 2017
William Hodson – appointed May 2017
Katherine Rake – appointed August 2017

Executive Team

United Response is managed by the Executive Team consisting of the senior paid employees of the organisation.

The Executive Team is led by the Chief Executive, who reports to the Chair of the Trustees. The Executive Team through the Chief Executive is responsible for the day to day management and implementation of the strategy approved by the Board and leadership of the organisation, for drawing up and implementing the corporate plan and budget and for proposing any strategic changes not encompassed within the corporate plan. Members of the Executive Team attend board and sub-committee meetings, to brief the trustees on organisational matters.

**The Executive Directors of United Response
at 31 March 2017 were:**

Chief Executive – Tim Cooper

Director of Operations - Sarah Battershall

Director of Finance and Company Secretary –
Jerome Walls (appointed August 2016) & Clare
Million (resigned April 2016)

Director of Human Resources – Mark
Ospedale (appointed October 2016) & Vicky
Greig (resigned April 2016)

Director of IT – Jill Lanham

Director of Policy and Communications –
Diane Lightfoot (resigned February 2017)

Reference and administrative details

United Response is a Charity registered with the Charity Commission and a company limited by guarantee.

Registered Address & Principal Office	Highland House 165 The Broadway Wimbledon London SW19 1NE	Bankers	Lloyds TSB Bank 3 rd Floor 25 Gresham Street London EC2V 7HN
Telephone Number	020 8246 5200	Auditors	Crowe Clark Whitehill St Bride's House 10 Salisbury Square London EC4Y 8EH, UK
Website	www.unitedresponse.org.uk		
Email	info@unitedresponse.org.uk	Solicitors	Capsticks 1 St George's Road London SW19 4DR
Twitter	@unitedresponse		
Facebook	facebook.com/UnitedResponse		
Charity Registration Number	265249		Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE
Company Number	01133776	Insurance Brokers	Marsh UK Ltd 39 Kings Hill Avenue Kings Hill West Malling Kent ME19 4ER

Trustees' Responsibility Statement

The trustees (who are also directors of United Response for the purposes of company law) are responsible for preparing the Trustees' Report, the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;

- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to re-appoint Crowe Clark Whitehill LLP as auditors will be proposed at the annual general meeting.

Approved by the Board of Trustees of United Response on 19 December 2017 including, in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



Maurice Rumbold
Chair

Independent Auditor's Report to the Members of United Response

We have audited the financial statements of United Response for the year ended 31 March 2017 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 27.

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

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

work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

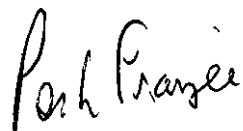
- the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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



Pesh Framjee

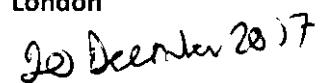
Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London



(incorporating a consolidated income and expenditure account)

		General Funds	Designated Funds	Restricted Funds	Total Funds	Total Funds
	Notes	2017 £'000	2017 £'000	2017 £'000	2017 £'000	2016 £'000
Income from:						
Donations and legacies	2	400	-	108	508	206
Charitable activities	3	88,625	-	41	88,666	78,434
Investments	4	434	-	-	434	443
Other		6	-	-	6	(6)
		89,465	0	149	89,614	79,077
Donation of net assets arising on amalgamation	26	1,182	2,675	232	4,089	-
Total income		90,647	2,675	381	93,703	79,077
Expenditure on:						
Raising funds	5	126	-	38	164	113
Charitable activities	5	90,156	1,094	107	91,357	79,079
Total expenditure		90,282	1,094	145	91,521	79,192
Net surplus / (deficits) on operations	7	365	1,581	236	2,182	(115)
Net gains/(losses) on investments		1,096	-	-	1,096	(702)
Net income/(expenditure) before transfers between funds	7	1,461	1,581	236	3,278	(817)
Transfers between funds	19	3,905	(3,905)	-	-	-
Net movement in funds		5,366	(2,324)	236	3,278	(817)
Reconciliation of funds:						
Total funds at 1 April 2016		15,511	10,475	799	26,785	27,602
Total funds at 31 March 2017	16	20,877	8,151	1,035	30,063	26,785

All the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The notes on pages 35 to 61 form part of these accounts.

		Group		Charity	
		2017	2016	2017	2016
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	10	253	366	253	366
Tangible assets	11	6,514	4,083	4,051	4,078
Investments	12	18,027	17,290	16,557	17,290
Total fixed assets		24,794	21,739	20,861	21,734
Current Assets					
Stocks		6	2	-	-
Debtors	13	10,285	10,976	9,748	10,998
Cash at bank and in hand		2,662	2,458	2,630	2,416
Total current assets		12,953	13,436	12,378	13,414
Creditors - amounts falling due within one year	14	(7,207)	(8,207)	(6,472)	(8,182)
Net current assets		5,746	5,229	5,906	5,232
Total assets less current liabilities		30,540	26,968	26,767	26,966
Provisions for liabilities	15	(477)	(183)	(477)	(183)
TOTAL NET ASSETS	16	30,063	26,785	26,290	26,783
FUNDS OF THE CHARITY:					
Restricted Funds					
Restricted funds	17	827	588	588	588
Restricted property fund	18	208	211	208	211
Total restricted funds		1,035	799	796	799
Unrestricted Funds					
General Funds	19	20,877	15,511	20,045	15,509
Designated funds	19	8,151	10,475	5,449	10,475
Total unrestricted funds	19	29,028	25,986	25,494	25,984
TOTAL CHARITY FUNDS	16	30,063	26,785	26,290	26,783

These financial statements were approved by the board and authorised for issue on 19 December 2017.

Company number 1133776

The notes on pages 35 to 61 form part of these accounts.

The profit for the financial year dealt within the financial statements of the parent charity was £3,595,000 (2016 - loss of £817,000).

Maurice Rumbold
Chair



Charles Garthwaite
Treasurer



		2017	2016
	Notes	£'000	£'000
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,489)	(1,150)
Cash flows from investing activities			
Dividends and interest from investments		434	443
Cash at bank acquired with subsidiary undertakings on business combinations		1,672	-
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(311)	(802)
Proceeds from the sale of investments		1,894	2,832
Purchase of investments		(2,017)	(3,040)
Increase / (Decrease) in cash held for reinvestment		21	(483)
Net cash used in investing activities		1,693	(1,050)
Change in cash and cash equivalents in the reporting period		204	(2,200)
Cash and cash equivalents at the beginning of the reporting period		2,458	4,658
Cash and cash equivalents at the end of the reporting period	B	2,662	2,458

A. Reconciliation of net income to net cashflows from operating activities

Net income for the reporting period (as per the Statement of Financial Activities)	3,278	(817)
Adjustments for:		
Donations of net assets arising on amalgamation	(4,089)	-
Depreciation and amortisation charges	864	380
Returns on investments	(1,096)	702
Dividends and interest from investments	(434)	(443)
Loss on sale of fixed assets	7	6
Increase in stocks	(4)	2
Decrease / (Increase) in debtors	691	(1,985)
(Decrease) / Increase in creditors	(1,000)	1,028
Increase / (Decrease) in provisions	294	(23)
Net cash provided by operating activities	(1,489)	(1,150)

Notes to the Consolidated Statement of Cashflows continued..

	Notes	2017 £'000	2016 £'000
B. Analysis of cash and cash equivalents			
Cash in hand		57	69
Notice deposits (less than 3 months)		2,605	2,389
Total cash and cash equivalents		2,662	2,458

The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

Charity Information

The charity is a private limited company by guarantee (charity registered number 265249), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is Floors 4 and 5, Highland House, 165 The Broadway, Wimbledon, London, SW19 1NE.

1. Accounting Policies

a) Basis of preparation

The accounts have been prepared in accordance with the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011, UK Generally Accepted Accounting Practice as it applies from 1st January 2015 and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements of United Response and its subsidiaries are consolidated on a line by line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'.

Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

b) Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiaries, United Response in Business Limited, Robert Owen Communities and Robert Owen Communities Housing on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

The amalgamation of Robert Owen Communities (ROC) and its fully owned subsidiary, Robert Owen Communities Housing (ROCH) has been referred to in the Annual Report and Accounts as a merger, reflecting both the tone of the combination and that no cash consideration was paid to ROC. However, the transaction has been accounted for in the financial statements under the principles of acquisition accounting. Full details can be found in Note 26.

c) Preparation of the accounts on a going concern basis

The financial statements have been prepared on the going concern basis because there is a reasonable expectation that United Response has adequate resources to continue in operational existence for the foreseeable future and therefore the trustees believe that there are no material uncertainties that call into doubt the charity's ability to continue.

1. Accounting Policies (continued)

d) Critical accounting judgements and key sources of uncertainty

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates, assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

e) Incoming resources

Incoming resources are recognised on a receivable basis. Income received in respect of work to be undertaken in the next financial year is deferred. Contractual income is received from statutory authorities mainly from local authorities and health trusts.

f) Resources expended

Costs of generating funds are those costs incurred in attracting voluntary income.

Charitable activities include expenditure associated with the provision of support to people with learning disabilities or mental health needs and include both the direct and support costs relating to these activities.

Governance costs include expenditure relating to the general running of the charity and are primarily associated with constitutional and statutory requirements.

Where support costs cannot be directly attributed to one of the charity's activities they have been allocated on the basis of estimated time spent.

g) Operating leases

Rental costs under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

h) Pension schemes

United Response operates a non-contributory stakeholder pension scheme for eligible staff members. Current employer's contributions amount to 3% of pensionable earnings. The charity also contributes to the NHS pension scheme, the West Yorkshire Pension Fund and the Nottinghamshire County Council Pension Fund in respect of staff members who have transferred from other employers. These are defined benefit schemes, but since it is not possible to identify the charity's share of the underlying assets and liabilities, they have been accounted for as defined contributions schemes.

i) Intangible fixed assets

Computer software costs have been capitalised within intangible assets as they can be identified with a specific project anticipated to produce future benefits. Once brought into use, they are amortised on the straight line basis over four years.

1. Accounting Policies (continued)

j) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £2,000 are capitalised and shown at cost.

Depreciation has been charged to write off all fixed assets, except for freehold land, over their estimated useful lives, at the following rates.

Freehold buildings and improvements	2% to 25% on cost
Leasehold buildings	over period of lease
Furniture and equipment	25% on cost
Motor vehicles	25% on cost

k) Financial instruments

United Response 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 overdrafts and trade and other creditors. Financial assets and liabilities are detailed in notes 13 and 14 to these accounts.

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. These are detailed in note 12 to these accounts. Investments in subsidiary undertakings are held at cost less impairment.

l) Investments

Investments are included in the balance sheet at market value. Realised and unrealised gains are included in the statement of financial activities. Realised gains have been calculated on a first in first out basis, using market value brought forward, where separate holdings of an investment have been purchased on different dates. Unrealised gains are noted on the balance sheet as a revaluation reserve.

m) Stock

Stock is included at the lower of cost and net realisable value.

n) Provisions

United Response has commitments to make good dilapidations and carry out repairs under various property leases. A provision is made for all leased properties that may be subject to a potential dilapidation charge and is based on the experience of recent actual costs incurred when vacating premises.

1. Accounting Policies (continued)

o) Funds

Income received subject to specific conditions imposed by the donor is included in restricted funds. Revenue expenditure is allocated against these funds as incurred. Restricted funds which have financed fixed assets are reduced by amounts equivalent to any depreciation charge over the expected useful lives of the assets concerned. The analysis of restricted funds is shown in note 17 to the accounts.

Designated funds are unrestricted funds which have been set aside by the trustees for particular purposes. The purposes and uses of these funds are set out in note 19 to the accounts.

p) Cash at bank and in hand

Liquid resources are defined as cash at bank and in hand immediately available to meet working capital needs.

q) Sinking Funds

Where a contract stipulates a sinking fund is to be retained the carried balance has been carried forward to be used against future expenditure.

2. Analysis of Donations and Legacies

	Total 2017 £'000	Total 2016 £'000
Grants		
Trafford Supported Employment	-	1
Cornwall Dementia Hub - Department of Health	-	68
Other grants	20	2
Total grants	20	71
Donations from trusts		
Joseph Rowntree Foundation	-	1
Clothworkers' Foundation	25	25
Other	4	4
Total donations from trusts	29	30
Other donations, legacies and other voluntary income	459	105
Total donations and legacies	508	206
Donation of net assets arising on amalgamation	4,089	-
Total donations, legacies and other voluntary income	4,597	206

3. Analysis of Income from Charitable Activities

	Contractual Income £'000	Grants £'000	Trading Income £'000	Total 2017 £'000	Total 2016 £'000
Learning disability residential services	15,236	26	-	15,262	14,347
Learning disability supported living services	66,702	46	214	66,962	59,312
Other learning disability services	3,679	-	-	3,679	1,920
Mental health services	2,003	-	-	2,003	2,129
Employment Opportunities for People We Support	284	151	325	760	726
Total income from charitable activities	87,904	223	539	88,666	78,434

Contractual income includes £64,712 (2016 - £65,625) in respect of contracts with the Isle of Man Government.

Grant income is made up as follows:

	2017 £'000	2016 £'000
Skills for care	72	40
Cornwall Supported Employment - various grants (see note 17)	43	121
Other small grants	108	2
Total	223	163

Further details of these grants are included in note 17.

Contractual income is made up as follows:

	2017 £'000	2016 £'000
Income from statutory authorities	82,772	73,146
Income from people we support and other sources	5,132	4,590
Total contractual income	87,904	77,736

4. Analysis of Income from Investments

	2017 £'000	2016 £'000
Distributions on listed unit trusts and OEICs	33	33
Distribution on property investment trust	58	17
Alternative investments	241	241
Interest on bond funds (OEICs)	23	37
Interest on total return funds	26	31
Interest on cash held within investment portfolio	7	11
Bank interest	46	73
Total investment income	434	443

5. Analysis of Total Expenditure

	Direct Costs £'000	Support Costs £'000 (Note 6)	Total 2017 £'000	Total 2016 £'000
Raising funds	154	10	164	113
Charitable activities				
Learning disability residential services	13,420	2,169	15,589	13,974
Learning disability supported living services	57,848	10,715	68,563	60,164
Other learning disability services	3,326	405	3,731	1,808
Mental health services	1,808	230	2,038	2,002
Employment Opportunities for People We Support	959	40	999	861
Governance costs	437	-	437	270
	77,798	13,559	91,357	79,079
Total resources expended	77,952	13,569	91,521	79,192

6. Analysis of Support Costs

	2017 £'000	2016 £'000
Regional support and training	6,813	5,817
Service development and quality	557	951
Communication and policy	681	728
Financial, HR and legal	3,149	2,418
IT	1,790	1,064
General management	569	314
Total support costs	13,559	11,292

Support costs have been allocated to activities on the basis of estimated time spent.

7. Net Deficit on Operations for the Year

This is stated after charging:

	2017 £'000	2016 £'000
Depreciation and amortisation	864	380
Auditors' Remuneration (including VAT)	60	34
Other fees paid to Auditors	22	-
Amounts paid under operating leases		
- Land and buildings	1,843	1,464
- Motor vehicles	314	360

8. Trustee benefits and expenses

No remuneration was paid to Trustees. A total of £9,109 was paid to 12 Trustees for travelling expenses (2016 - £6,179; 6 Trustees). The expenses reimbursed to Trustees cover travel and subsistence costs only.

Indemnity insurance is provided for the trustees as part of the overall management liability policy, the total premium paid during the year amounted to £10,917 (2016 - £9,943).

9. Staff Costs

Total staff costs for the year were as follows:

	2017 £'000	2016 £'000
Wages and salaries	62,570	56,226
Social security costs	4,528	4,040
Pension contribution costs	1,743	1,807
Total	68,841	62,073

Wages and salaries includes £160,917 (2016 - £217,000) of redundancy and termination payments which are paid out in accordance with our redundancy policy and legal requirements.

Average number of staff employed

	2017 Number	2016 Number
Direct charitable activities	3,707	3,441
Support and governance	167	129
Generating voluntary income	3	1
Total	3,877	3,571

Number of employees whose remuneration (including taxable benefits) exceeded £60,000 during the year

	2017 Number	2016 Number
£60,000 - £70,000	3	1
£70,001 - £80,000	3	4
£80,001 - £90,000	-	2
£90,001 - £100,000	2	2
£120,001 - £130,000	1	-
Total	9	9

9. Details of Staff (continued)

Total pension contributions outstanding at the year end were £152,247 (2016 - £189,000).

Executive Team Remuneration

	2017 £'000	2016 £'000
Total pay and benefits of the Senior Executive Team	568	674

The Executive Team consists of the Chief Executive, Director of Finance, Director of Operations, Director of IT, Director of Policy and Communications and Director of HR.

10. Intangible Fixed Assets

	2017 £'000	2016 £'000
Cost		
1 April 2016	662	480
Additions	33	188
Disposals	-	(6)
31 March 2017	695	662
Amortisation		
1 April 2016	296	211
Charge for the year	146	91
Disposals	-	(6)
31 March 2017	442	296
Net Book Values (Charity & Group)		
2017	253	366

Intangible assets relate to capitalisation of computer software costs.

11. Tangible Fixed Assets

	Freehold property £'000	Leasehold property £'000	Furniture & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
1 April 2016	4,441	1,097	2,238	26	7,802
On amalgamation with subsidiary	2,266	926	704	221	4,117
Additions	105	55	118	-	278
Disposals	-	-	(17)	-	(17)
Transfer between asset classes					-
31 March 2017	6,812	2,078	3,043	247	12,180
Depreciation					
1 April 2016	801	980	1,916	21	3,719
On amalgamation with subsidiary	106	506	453	175	1,240
Charge for the year	260	85	348	25	718
Disposals	-	-	(11)	-	(11)
31 March 2017	1,167	1,571	2,706	221	5,666
Net Book Value (Group)					
2017	5,645	507	337	26	6,514
2016	3,640	117	322	5	4,083
Net Book Value (Charity)					
2017	3,645	131	272	3	4,051
2016	3,640	117	317	4	4,078

Freehold property includes a property with a net book value of £211,000 which is subject to the restrictions set out in note 18.

The insurance value of freehold property included above is £7,723,485 (2016 - £7,168,000).

12. Fixed Asset Investments

	2017 £'000	2016 £'000
Market value at beginning of year	17,290	17,301
Purchases at cost	2,017	3,040
Disposals at book value	(1,858)	(3,123)
Increase / (Decrease) in market value	1,033	(411)
(Decrease) / Increase in cash held for reinvestment	(455)	483
Market value at end of year	18,027	17,290
Historical cost at end of year	16,994	17,149

The market value of investments was made up as follows.

	2017 £'000	2016 £'000
Listed unit trusts and OEICs	2,038	1,329
Property funds	972	570
Alternative investments	4,003	3,029
Absolute return funds	1,896	2,423
Listed convertibles fund	724	318
Funds of hedge funds	-	665
Cash	8,394	8,956
Total	18,027	17,290

The value of investments is split:

In the UK	18,027	17,290
Outside the UK	-	-
Total investments	18,027	17,290

At 31 March 2017 there were no investments which represent more than 10% of the value of the portfolio.

13. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	7,634	8,214	7,251	8,159
Amounts owed by group and associated undertakings	-	-	44	91
Prepayments	341	396	283	396
Accrued income	2,050	2,046	1,928	2,046
Other debtors	260	320	242	306
Total	10,285	10,976	9,748	10,998

During the year a review was undertaken of accrued income balances dating from prior to 31 March 2016 that resulted in the release of balances totalling £1,040,000 due to not representing invoiceable values. Deferred income balances for the same period were also reviewed, see note 14.

14. Creditors - Amounts Falling Due Within One Year

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	828	803	785	796
Accruals	3,025	2,843	2,518	2,839
Deferred income	1,304	2,224	1,227	2,224
Taxation and social security	1,113	1,071	1,037	1,057
Other creditors	937	1,266	905	1,266
Total	7,207	8,207	6,472	8,182

The balance on deferred income relates to advanced billing which will be released in the next financial year. During the year a review was undertaken of deferred income balances dating from prior to 31 March 2016 that resulted in the release of balances totalling £890,000 and its recognition in the financial period. *Accrued income balances for the same period were also reviewed, see note 13.*

The method of estimating the value of accrued but untaken holiday pay was reviewed during the year resulting in a rise in the provision of £269,000 to £488,000 which is included within accruals.

15. Provision for Liabilities and Charges

This relates to provision for the cost of repairs arising as a result of obligations under property leases.

	2017	2016
	£'000	£'000
Opening balance	183	206
Utilised in year	-	(18)
Released unused during the year	(40)	(5)
Additional amount provided	334	-
Closing balance	477	183

16. Analysis of Net Assets between Funds

	General Funds	Designated Funds	Total Unrestricted Funds	Restricted Funds	2017 Total Funds
	£'000	£'000	£'000	£'000	£'000
Intangible Fixed Assets	-	253	253	-	253
Tangible fixed assets	-	6,137	6,137	377	6,514
Investments	18,027	-	18,027	-	18,027
Current assets	10,534	1,761	12,295	658	12,953
Current liabilities	(7,207)	-	(7,207)	-	(7,207)
Provisions for liabilities & charges	(477)	-	(477)	-	(477)
Total net assets 31 March 2017	20,877	8,151	29,028	1,035	30,063
2016 Comparative Disclosures	General Funds	Designated Funds	Total Unrestricted Funds	Restricted Funds	2016 Total Funds
	£'000	£'000	£'000	£'000	£'000
Intangible Fixed Assets	-	366	366	-	366
Tangible fixed assets	-	3,705	3,705	378	4,083
Investments	17,290	-	17,290	-	17,290
Current assets	6,611	6,404	13,015	421	13,436
Current liabilities	(8,207)	-	(8,207)	-	(8,207)
Provisions for liabilities & charges	(183)	-	(183)	-	(183)
Total net assets 31 March 2016	15,511	10,475	25,986	799	26,785

17. Restricted Funds

	Balance 31 March 2016 £'000	On Amalgamation £'000	Income £'000	Expenditure £'000	Balance 31 March 2017 £'000
<i>Time For You</i>	16		-	-	16
Cornwall Supported Employment	-		43	43	-
Development of the Retreat, Kent	15		-	5	10
Carers' Project	98		-	-	98
North East Division	62		-	23	39
South West Division	33		11	3	41
South East Division	52		38	20	70
North West Division	69		13	9	73
Robert Owen Communities	-	232	45	38	239
Other restricted funds	76		(4)	-	72
Subtotal	421	232	146	141	658
Represented by tangible fixed assets:					
North East Division	2		-	-	2
South West Division	148		-	4	144
South East Division	9		3	(3)	15
North West Division	8		-	-	8
Total excluding restricted property fund	588	232	149	142	827
Restricted property fund (see note 18)	211		-	3	208
Total	799	232	149	145	1,035

The purposes of the principal funds shown above are as follows:

Time for You - this is a grant from Ipswich Borough Council in relation to the Suffolk Short Break Demonstrator Project, involving the provision of support to family carers of people with learning disabilities. The grant was originally awarded to Ipswich Council for Voluntary Service, but was transferred to United Response during 2012.

Cornwall Supported Employment - this service provides support to enable people with learning disabilities to secure paid employment working with many partners including Working Links, PLUS, Prospects, Cornwall College and the Employment and Skills Board. Funding sources include the DWP, the Skills Funding Agency, the European Social Fund and various independent capacity-building grants.

17. Restricted Funds (continued)

Secret Garden, York - this is a project involving people living with dementia in helping with the creation of a garden. The project is being carried out in partnership with HereNowDementia Ltd and is funded by grants from the Joseph Rowntree Foundation.

Development of the Retreat, Kent - this is a grant from Kent County Council for building works associated with a service in Kent.

Carers' Project - this is a project, funded by a donation from the David Lambert Trust, designed to provide respite for the family carers of young adults with severe mental health problems, working in partnership with the local PCT, prior to disbanding in 2011. We are now exploring alternative ways of taking it forward, working with other statutory agencies.

North West Division - the income and expenditure relate principally to grants provided to support our supported employment work in Greater Manchester. Grants have also been provided by Knowsley MBC and Wigan MBC to enable us to develop employment and social opportunities for people with autism.

Robert Owen Communities - this mainly includes a capital grant to develop property that also suits people with dementia and increase housing for independent living.

Funds represented by tangible fixed assets - these funds relate mainly to improvements to properties, including houses owned by United Response in West Sussex and leased in Suffolk, Essex and Kent.

17. Restricted Funds (continued)

2016 Comparative Disclosures

	Balance 31 March 2015 £'000	Income £'000	Expenditure £'000	Balance 31 March 2016 £'000
Winfield	15	233	248	-
Time For You	39	-	23	16
Cornwall Supported Employment	-	121	121	-
Training grants	-	40	40	-
Secret Garden, York	10	1	11	-
Development of the Retreat, Kent	20	-	5	15
Carers' Project	98	-	-	98
Cornwall Dementia Hub	-	68	68	-
North East Division	57	5	-	62
South West Division	30	11	8	33
South East Division	65	17	30	52
North West Division	66	14	11	69
Other restricted funds	71	9	4	76
Subtotal	471	519	569	421
Represented by tangible fixed assets:				
North East Division	2	-	-	2
South West Division	151	-	3	148
South East Division	6	3	-	9
North West Division	9	-	1	8
Total excluding restricted property fund	639	522	573	588
Restricted property fund (see note 18)	214	-	3	211
Total	853	522	576	799

18. Restricted Property Fund

The restricted property fund represents the value of a freehold property provided by the South East Kent District Health Authority to house a service in Folkestone. The property, which was acquired at no cost to United Response, is registered in the name of the charity and has been included in fixed assets at the cost of acquisition and refurbishment borne by the Health Authority, less depreciation. In the event of the service terminating, United Response has undertaken to transfer the property back to the Health Authority for £nil consideration.

19. Unrestricted Funds

	Balance 31 March 2016 £'000	On Amalgamation of ROC £'000	Transfers during the year £'000	Utilised during the year £'000	Balance 31 March 2017 £'000
Business development fund - general	124	-	(26)	(48)	50
Research and development fund	4	-	(4)	-	-
IT strategy fund	722	-	28	(550)	200
Property fund	1,061	-	-	-	1,061
New opportunities/strategic contingency fund	3,225	-	(2,651)	(474)	100
Projects fund	98	-	(77)	(21)	-
Quality and streamlining fund	303	-	(303)	-	-
Pension fund	100	-	-	-	100
Maintenance fund	250	-	-	-	250
Intangible Fixed Assets	366	-	(113)	-	253
Tangible fixed assets	3,705	2,675	(242)	(1)	6,137
Unrealised movement on investments	517	-	(517)	-	-
Total designated funds	10,475	2,675	(3,905)	(1,094)	8,151
Unrestricted general funds	15,511	1,182	4,184	-	20,877
Total unrestricted funds	25,986	3,857	279	(1,094)	29,028

Funds have been designated for the following purposes.

Business development fund - to help cover the costs associated with the setting up of new services. Its purpose is to help stimulate business development by providing one-off funding for new, mainly local initiatives. These funds will be utilised in the next 12 months.

IT strategy fund - to cover the costs of any anticipated IT project improvements focussing on defined developments of the Customer Relationship Management (CRM) platform and completing the ROC system transition.

New opportunities/strategic contingency fund - to cover the costs to complete the ROC integration project.

Property fund - to help fund the purchase of properties to support the development of the charity's activities. These funds will be utilised over the next five years.

19. Unrestricted Funds (continued)

Pension fund - to cover the potential liability associated with membership of two multi-employer defined benefit local government pension schemes.

Maintenance fund - to provide funding for major repairs of properties which the charity has responsibility for.

Intangible fixed assets - this relates to the portion of reserves invested in intangible fixed assets used by United Response in its operations.

Tangible fixed assets - this relates to the portion of reserves invested in tangible fixed assets used by United Response in its operations.

Following a review of the designated reserves held as at 31 March 2017, it was decided to transfer a number of individual funds back to non-designated free reserves. This has resulted in the transfer of £3,664,000 to general funds.

2016 Comparative Disclosures	Balance 31 March 2015 £'000	Gains/(losses) & transfers during the the year £'000	Utilised during the year £'000	Balance 31 March 2016 £'000
Business development fund - general	58	97	31	124
Research and development fund	18	-	14	4
IT strategy fund	1,058	222	558	722
Property fund	1,483	-	422	1,061
New opportunities/strategic contingency fund	2,932	500	207	3,225
Projects fund	164	-	66	98
Quality and streamlining fund	738	-	435	303
Pension fund	100	-	-	100
Maintenance fund	250	-	-	250
Intangible Fixed Assets	269	97	-	366
Tangible fixed assets	3,382	323	-	3,705
Unrealised movement on investments	928	(411)	-	517
Total designated funds	11,380	828	1,733	10,475
Unrestricted general funds	15,369	142	-	15,511
Total unrestricted funds	26,749	970	1,733	25,986

20. Capital commitments

	2017 £'000	2016 £'000
Contracted for but not provided for in these accounts	-	12

21. Operating Lease commitments

	Land and buildings		Vehicles	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Total of future minimum lease payments under non cancellable operating leases:				
within one year	838	812	177	233
within two to five years	871	791	281	204
after five years	309	126	-	-
Total	2,018	1,729	458	437

22. Subsidiary Undertakings

United Response has a wholly owned trading subsidiary, United Response in Business Limited (Company number - 3787676 and registered address at 4th Floor, Highland House, 165 The Broadway, Wimbledon, London, SW19 1NE), which is incorporated in Great Britain and carries on trading activities in accordance within the objects of the charity. The purpose of United Response in Business Limited is to provide employment opportunities for people with learning disabilities or mental health needs, and to carry out other activities in support of the charity's work. The principal activities in 2017 were the operation of a café in York, fulfilment and disability consultancy services and the provision of motor vehicles to people with learning disabilities supported by the charity. The consolidated results of ROC and ROCH are shown under note 26.

	2017 £'000	2016 £'000
Sales revenue	510	535
Grants receivable	50	16
Total turnover	560	551
Salaries and wages	160	141
Other costs	400	410
Total operating costs	560	551
Trading (loss)/profit	-	-
Interest receivable	-	-
Transfer by Gift Aid to United Response	-	-
Retained (loss)/profit	-	-
Retained loss brought forward	(99)	(99)
Retained loss carried forward	(99)	(99)
Net Assets	2	2

23. People We Support bank accounts

The charity administers holding bank accounts on behalf of residents for the receipt and payment of the residents' personal allowances. These bank accounts have not been reflected on these financial statements as an asset or liability. The value held at 31 March 2017 were £330,309 (2016 - £414,000). The bank accounts are held separately from those of the charity.

24. Transactions with Related Parties

There have been no related party transactions, in the year to 31 March 2017, that require disclosure other than transactions with the subsidiary companies, United Response in Business Limited (URIB), ROC, ROCH and UR's trustees. Transactions with URIB and ROC are set out below and those with the trustees are disclosed under note 8 of the accounts.

In 2017, the charity charged URIB with management fees totalling £14,458 (2016 - £6,100). This is calculated as the time spent on URIB by individuals on the basis of salaries including National Insurance (NI) and pension contributions. The proportion of time devoted to URIB is estimated on a percentage basis.

In 2017, the charity provided grants to URIB totalling £49,877 (2016 - £16,300). This is to cover the losses made by URIB and payments by statutory bodies for people we support on placements at the trading café. These payments are made to the charity and credited to URIB.

In 2017, the charity charged URIB with £31,239 (2016 - £21,800) in respect of staff of the charity providing direct support to the operations of the subsidiary company. These costs are based on actual hours including NI and pension contributions.

In 2017, URIB charged the charity with £21,766 (2016 - £38,700) in respect of staff of URIB providing direct support to the charity. These costs are based on actual hours including NI and pension contributions and actual unit costs for fulfilment services.

In 2017, URIB charged the charity with £nil (2016 - £4,300) in respect of refreshments provided by the café in York for a restricted fund project in the charity at the cafe. Charges are based on actual costs.

In 2017, the charity charged ROC with £41,265 (2016 - £nil) in respect of staff of the charity providing direct support to ROC. These costs are based on actual hours including NI and pension contributions.

In 2017, ROCH paid £100,000 to ROC against an outstanding loan of £233,000.

25. Contingent liability

Impact of National Living Wage ("NLW") and Sleep Ins in the social care sector

Sleep-Ins occur in cases where People We Support require a staff member to be physically present at night in case of emergency but the staff member is not required to be working and is allowed to sleep unless required to work. Sleep-Ins are provided only when specified by local authorities and have historically been paid to staff at rates that reflect the flat rate payment received. United Response, along with other providers, had been of the view that payment for Sleep-Ins was not governed by regulations regarding national minimum wage and had accordingly, until 1 April 2017, applied a wage rate determined by the specific funding allocated by the contracting local authority. This reflected the guidance that had been issued by the Department of Business, Energy and Industrial Strategy ("BEIS") and its predecessors.

United Response, in response to uncertainties emerging in the interpretation of the regulations, and to the approach of various contracting local authorities, determined with effect from April 2017 to pay staff undertaking Sleep-Ins at least at the national living wage on average, whether the hour in question arises from a day or sleep-in shift. Discussions are ongoing with contracting local authorities with a view to ensuring that as much as possible of this increment to the cost base is covered by those contracting authorities.

In recent months, HMRC has been undertaking compliance reviews on providers within the supported living sector and there is a risk that HMRC will conclude that the regulations (contrary to the view United Response had previously taken) apply to Sleep-Ins for past periods which could potentially be of up to six years in duration. Due to the significant detrimental effect that such rulings could have on the supported living sector, there have been significant discussions concerning how potential liabilities might be funded between the sector's provider organisations (within which United Response plays a leading role), the three government departments involved and HMRC. However, it is still not clear as to how the matter will be resolved and, should back payments be ruled as required, whether or not central government will fund these liabilities and the process that it may introduce in order to manage this. However, it has been clarified that HMRC will not be levying the significant penalties that can apply when NLW conditions have been breached for any non-compliance found prior to 27 July 2017. Additionally, there is presently significant uncertainty as to how HMRC will calculate any liabilities arising and the period for which they relate and therefore, at present, United Response cannot reliably estimate the amount of the obligation. It is thought that the worst case liability, excluding penalties but including potential consequential add-on costs, may be in the region of £16.8 million.

If United Response were to receive such a ruling from the HMRC, and in the absence of a central government sponsored funding solution, it would seek to gain re-imbursement from the mainly local authority providers for the underpayment element but cannot estimate the extent to which it will be successful in obtaining additional funding.

United Response's consolidated unrestricted reserves stand at £29m of which two-thirds are held as cash or liquid investments. The trustees will ensure that a contingency plan is agreed such that appropriate action is taken should a material liability crystallise.

26. Business combinations

On 1 April 2016, the charity acquired 100 per cent control of the membership of Robert Owen Communities (ROC), a UK charitable company with registered charity number 517845 and company number 02038915 and its subsidiary undertaking, Robert Owen Communities Housing (ROCH) in consideration of assuming responsibility of continuing to work with adults, children and young people with learning disabilities, mental health needs or physical disabilities. ROCH is a UK charitable company with registered charity number 1082257 and company number 03851512.

The transaction has been accounted for as an acquisition. No cash consideration has been paid to ROC, so no goodwill adjustments on acquisition are required. The total adjustments to the book values of the asset and liabilities acquired in order to present the net assets of that company at fair values in accordance with group accounting principles were £77,659 and comprised adjustments to the value of the freehold land and buildings.

The net assets acquired have been recorded as a donation received in the group statement of financial activities.

ROC acquisition	Book value	Consistency of accounting policy	Carrying value of assets and liabilities	Fair value
	£'000	£'000	£'000	£'000
Fixed assets - tangible fixed assets	2,955	-	(77)	2,878
Fixed assets - investments in subsidiaries	2	-	-	2
Stock	4	-	-	4
Debtors	562	-	-	562
Cash at bank	1,672	-	-	1,672
Creditors	(1,029)	-	-	(1,029)
Net assets acquired	4,166	-	(77)	4,089

The book values of the assets and liabilities have been taken from the audited accounts prepared as 31 March 2016.

26. Business combinations (continued)

From the date of acquisition, the contribution of ROC and ROCH to the results of the group was as follows:

	£'000
Total incoming resources	6,526
Total resources expended	(6,602)
Group net incoming resources derived from acquired activities	(76)

From the date of acquisition, the effect of ROC on the group's consolidated cash flow was as follows:

Net cash flows from operating activities (see below)	(67)
Cash flows from investing activities	(138)
Change in cash and cash equivalents in the reporting period	(205)
Cash and cash equivalents at the beginning of the reporting period	1,672
Cash and cash equivalents at the end of the reporting period	1,467

Net cash inflow from operating activities	£'000
Net income for the reporting period	(76)
Depreciation and amortisation charges	194
Interest from investments	(5)
Decrease in stocks	-
Decrease in debtors	59
Decrease in creditors	(239)
Net cash provided by operating activities	(67)

27. Consolidated Statement of Financial Activities for the year ended 31 March 2016

(incorporating a consolidated income and expenditure account)

	General Funds 2016 £'000	Designated Funds 2016 £'000	Restricted Funds 2016 £'000	Total Funds 2016 £'000
Income from:				
Donations and legacies	81	-	125	206
Charitable activities	78,037	-	397	78,434
Investments	443	-	-	443
Other	(6)	-	-	(6)
Total incoming resources	78,555	-	522	79,077
Expenditure on:				
Raising funds	113	-	-	113
Charitable activities	76,770	1,733	576	79,079
Total expenditure	76,883	1,733	576	79,192
Net deficits on operations	1,672	(1,733)	(54)	(115)
Net losses on investments	(702)	-	-	(702)
Net income/(expenditure) before transfers between funds	970	(1,733)	(54)	(817)
Transfers between funds	(828)	828	-	-
Net movement in funds	142	(905)	(54)	(817)
Reconciliation of funds:				
Total funds at 1 April 2015	15,369	11,380	853	27,602
Total funds at 31 March 2016	15,511	10,475	799	26,785