

**Company number SC129392**  
**Charity number SC017954**

**LOTHIAN CENTRE FOR INCLUSIVE LIVING**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2014**

**BROWN, SCOTT & MAIN**

Chartered Accountants and Statutory Auditor

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **DIRECTORS AND OFFICERS**

### **CONVENOR**

Jeff Adamson

### **OTHER DIRECTORS**

Liz Pearston  
Louise Doctor  
Dr Colin Cameron  
Suselle Boffey  
Robert MacPherson  
John Ballantine (co-opted April 2014)

### **CHIEF EXECUTIVE**

Florence Garabedian

### **TREASURER**

Liz Pearston

### **REGISTERED OFFICE**

Norton Park Centre  
57 Albion Road  
Edinburgh

### **AUDITORS**

Brown, Scott & Main  
91 West Savile Terrace  
Edinburgh

### **BANKERS**

Clydesdale Bank PLC  
Edinburgh

The Co-operative Bank plc  
Manchester

### **COMPANY NUMBER**

SC129392

### **CHARITY NUMBER**

SC017954

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT OF THE DIRECTORS**

The directors present the audited financial statements for the year ended 31 March 2014.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing Document**

Lothian Centre for Inclusive Living (LCiL) is a charitable company, limited by guarantee without a share capital, which was incorporated on 17 January 1991. LCiL is recognised as a charity by HM Revenue and Customs and by the Office of the Scottish Charity Regulator. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up the liability of each member is restricted to £1.

#### **Appointment of Directors**

The directors of the company are also charity trustees for the purposes of charity law. The LCiL Board can have a maximum of 12 directors and a minimum of 6. As a user-led disability organisation, at least 51% of the directors must be disabled people and the Convenor must always be a disabled person. In this way, the Board ensures that the needs of its service-users are appropriately reflected through the diversity of the directors.

Any member who wishes to be considered for appointment as a director by means of ordinary resolution at an Annual General Meeting (AGM) must first lodge a written notice with the organisation of their intention. The application must be signed by the two members who serve as proposers/nominators, and must also contain a statement as to whether or not the proposed member identifies as a disabled person. Alternatively, a member may be co-opted by the directors at any time, subject to ratification at the subsequent AGM.

The directors strive to bring appropriate knowledge and experience of and to LCiL's services, and further business and strategic skills to the LCiL Board through appointments of new directors. The skills and experience of the Board are kept under review by means of annual training needs analysis and mapping of existing knowledge. If a gap in any specific area develops, individuals with relevant skills and experience are invited to join the Board of Directors on a co-opted basis.

#### **Recruitment, Induction and Training of Directors**

LCiL has a targeted recruitment process which, as mentioned above, actively recruits directors to match any identified skills gaps. The recruitment process for directors includes a written application from the nominee detailing their experience, skills and knowledge of the organisation's values and services. Declaration of Eligibility and Declaration of Interest forms must also be completed and submitted to existing Board members who will assess whether the details given indicate a good 'match' for the organisation and requirements of the Board. All new directors receive induction and training on LCiL's services and on their roles and responsibilities as board members. This induction process is consolidated by the Directors' handbook which comprises; Director's job description, staff job descriptions, financial information, policies and procedures, organisation chart and such other items as the history of LCiL, the independent living philosophy and the Social Model of Disability. The induction is planned jointly by the Chief Executive and Convenor.

Every two or three years LCiL holds an event involving both staff members and directors to collaborate on and plan the strategic direction of the organisation. Such events foster improved communication and allow directors the opportunity to get to know their key resource – the staff team. In addition to this members of the Board attend some of the staff meetings.

New directors have a 'settling in' period which involves their attendance at three consecutive Board meetings, during which time references and PVG Scheme membership will be sought. At the end of this period a review process is carried out by existing Board members to ascertain the suitability of the new director, and provide a forum for feedback from both parties.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### **Risk Management**

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems or procedures established to manage those risks.

The most significant risk faced by LCiL remains that local authorities move away from service level agreements with our organisation and that our services are purchased directly by service users without the local authorities having prepared adequate ground for this. Although the Self Directed Support (SDS) (Scotland) Act 2013 mentions the need for support to be made available to SDS recipients, the increasing 'market approach' does not necessarily favour user led support organisations such as LCiL. The shift from a contract with local authorities to selling services to individuals may work well, at a practical level, for some of LCiL services (e.g. payroll) but does not really make sense for others (Grapevine, Independent Living support). In addition to this, the combination of tailoring our support to individual needs while working with people with a wide range of abilities would make such a move an unpredictable one. Most importantly, the broad framework for Local Authorities' achievement presents a real risk that funding for new and innovative projects to support new approaches to service delivery will not be seen as a priority. For LCiL, heavily engaged in the promotion of Independent Living services, this, combined with a very tight financial environment continues to bring more uncertainty.

### **Influencing Factors for Current Local Authority Financial Constraints**

The issue of adequate resourcing remains the central challenge on a number of levels:

- Despite an increase of activities and an increasing number of supported service users, local authorities are not increasing their funding. This is due to the very tight national and local budget constraints. We are certain that local authorities will continue to decrease their investment in the care sector. Along with radical changes, reduction or withdrawal of services is anticipated on a scale never seen before.
- The UK led welfare reform is hitting hard many disabled people, people with long term conditions and their families. The impact felt by voluntary sector organisations has started to be picked up in some ways by local authorities too. At a time when local authorities are experiencing an unprecedented need to develop, and invest in prevention programmes they at the same time are required to respond to increasing demand from people in crisis.
- The current policy driving the integration of health and social care brings major challenges as well as opportunities to local authorities. In the Lothians the combined health and social care budget, while increasing joint practice, presents challenges for all institutions including a major cultural shift to consider new ways of allocating resources. In the longer term it may enable some savings to take place and a more efficient use of these resources.
- A renewed commitment by Local Authorities to freeze council tax, or retain as low as possible, exacerbates pressures on Local Authority budgets, thus effectively reducing funds available. To address this some local authorities show no qualms in making some unfair decisions such as significantly increasing the personal contributions required from individuals towards their own care/support packages.
- Although local authorities do not have to follow a tendering process in the commissioning of services in the care sector, many choose to do so in order to drive down costs and reduce the number of agencies they work with. In what way can a support organisation evidence best value? Will best value be judged in terms of finance only or will it also include individual quality of life? The current procurement processes continue to raise some fundamental questions on how qualitative outcomes and social returns are part of the final selection of agencies.
- At an individual service user level, this translates to the criteria for accessing community care services becoming more restrictive. In addition, community care charging policies continue to act as a barrier to disabled people's employment and geographical mobility.

LCiL's Chief Executive, however, regularly produces risk analyses for the Board of Directors, highlighting such factors as;

- Project funding timescales, in particular the relevant exit strategies
- Any unexpected increases in overheads
- Any internal issue which may result in formal action against the organisation

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

- Any complaints or potential complaints from service-users and stakeholders
- Any significant external policy or legislative changes

It is important to recognise that LCIl now operates in an ever changing and increasingly competitive external environment.

### **The Changing External Environment in which LCIl Operates**

At both national and UK wide levels there have been significant policy and legislative developments pertinent to the future of LCIl, namely:

- The Comprehensive Spending Review that took place in 2010 led to Welfare Reform which continues to affect a significant number of disabled people, people with long-term conditions and older people (i.e. the client group LCIl works with). By 2015
  - The Independent Living Fund will no longer exist. The Scottish Government, however, in co-production with Disabled People Organisations (DPOs) and others organisations, is committed to setting up a new Scottish ILF (SILF) by July 2015. All current ILF recipients will be transferred into the new SILF thereby ensuring continuity of their support. Depending on the next spending review the Scottish Government also seems to be committed to open the SILF to new recipients. This again should be progressed in co-production with other organisations including DPOs.
  - Disability Living Allowance which was replaced in 2013 by the new benefit, the Personal Independence Payment (PIP). The overall budget for PIP has been cut by 20% and as a result around 800,000 current claimants are expected to lose benefit funding.
  - Incapacity benefit will no longer exist. All claimants will have to go through a medical assessment and move onto Employment Support Allowance or Job Seekers Allowance.
    - Moving disabled people from Incapacity Benefit onto Job Seekers Allowance will result in savings of £4.87 billion, approximately half of the overall 20% cut to the welfare budget.
    - This represents a loss of £9,000 for each person moving onto JSA
  - Housing benefit is severely restricted. Of the 105,000 households affected by the under occupation penalty, 83,000 (79%) report having an adult with a disability (as recognised within the Disability Discrimination Act) living in the household.
  - Overall, 3.5m disabled people in Britain will have lost over £9.2 billion of critical support as a result of this welfare reform.
- The Government-led initiative on Independent Living in Scotland has been reviewed. The original Group no longer exists as such and the new Independent Living Programme Board has yet to prove what it can deliver. The Independent Living in Scotland Project (ILiS) is heavily involved in making the various stakeholders accountable to the Programme.
- As mentioned previously the integration of health and social care presents disabled people with an opportunity to see better integrated services reducing the current silo approach between services. The main concern is how much influence disabled people, people with long term conditions, and service users can have on the agenda to ensure that it delivers for them and does not become a power/funding war between two very different kinds of organisations and cultures i.e. health and social care.
- The most important change, however, which is directly impacting on LCIl service users and our organisation is the SDS (Scotland) Act 2013 which, since its enactment on 1<sup>st</sup> April 2014 imposes a duty on local authorities to systematically offer SDS to the majority of people eligible for care/support.
  - SDS consists of 4 options
    - Option 1 - a direct payment
    - Option 2 - The responsibility of the financial management of the individual budget remains with the local authority whether it directly manages it or it delegates the task to a third party

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

- Option 3 – A direct service
- Option 4 – A combination of the above

The above changes to legislation and government policy have had a significant impact on LCiL and its service users. Some of these policy changes have had positive effects in moving forward the Disability Equality and Independent Living agenda, whilst others such as the Welfare Reform will have a direct negative impact on our service users.

Finally, at an operational and practical level, staff and visitors' exposure to risk is minimised by stringent application of Health and Safety and Lone Working good practices.

All of LCiL's policies are regularly reviewed to ensure that they are up to date, correctly implemented and monitored.

In these ways the Directors can ensure that systems are in place to mitigate LCiL's exposure to main risks.

### **Organisational Structure**

The directors of LCiL set the overall policy and strategic direction of the organisation. The directors hold regular 6 weekly board meetings which the Chief Executive attends in the capacity of Company Secretary, which role attaches no voting rights.

Day to day responsibility for the provision of services and implementation of the organisation's business plan is delegated by the Board to the charity's Chief Executive.

### **Partnership Working**

LCiL works in partnership with a range of organisations at both a national and local level, and within the disability communities. Through working collaboratively with other organisations, LCiL aims to ensure that a holistic range of services is available to disabled people, and that duplication of service provision does not occur.

#### **1. Disability Organisations**

Within the disability community, LCiL works with organisations at a local and national level. LCiL has a history of sharing its skills, knowledge and experience with Disability Support Organisations Scotland-wide and continues to work closely with them, particularly those involved in Independent Living. For example, LCiL works closely with its sister organisation, Glasgow Centre for Inclusive Living (GCIL), Inclusion Scotland and Self Direct Support Scotland (SDSS).

- LCiL's Chief Executive is Chair of SDSS.
- LCiL is a key organisation amongst the Scottish Independent Living Coalition (SILC). SILC provides opportunities to develop joint initiatives or responses to policies to promote disabled people's human rights and Independent Living as a whole.
- GCIL, which was supported by LCiL at its outset, remains a close partner. Regular meetings are held with GCIL and other like-minded organisations to exchange ideas and good practice. The meetings also serve as a forum to identify, monitor and evaluate the potential implications of legislative change and government policy.

Both organisations are working even more closely since the Scottish Government invested funding in the two organisations to:

- Develop common objectives to individually develop a strategic response to local SDS developments in Glasgow and the Lothians and ensure that their future support/information services meet the local demand effectively and creatively. This combined effort will enable the two CILs in Scotland to take a co-ordinated approach to developing support/brokerage models

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

- Develop and pilot a web-based SDS support service management system that meets the changing needs of SDS support organisations and service users in Scotland.
- LCiL continues to offer advice and information to other emerging CIL's and Direct Payment support organisations.
- On a UK wide level, LCiL is a member of the Disability Rights UK

## 2. Other Organisations

- With increasing activities at national and local level around the SDS Act and the SDS strategy LCiL has intensified its work with the Scottish Government, NHS Lothian, as well as with the City of Edinburgh Council, and East, West and Mid Lothian Councils in supporting them to meet their policy objectives.
- The organisation continues to collaborate on a national and local level with groups which are service user specific.
- During the period LCiL was also a member of the Long Term Conditions Alliance in Scotland (now the ALLIANCE) whose key objective is to give a national voice to the estimated 2 million people in Scotland who live with long term conditions.
- LCiL has also continued its links with the Office of Disability Issues (ODI)
- During the period LCiL developed a closer working partnership with VOCAL (Voices of Carers Across Lothian). Staff from the two organisations attended each other's full staff meetings and ran reciprocal training sessions aimed at improving our ability to make referrals to each other. In addition, LCiL has also worked collaboratively with the following organisations:

The Edinburgh Development Group, Action Group, Penumbra, MECOPP, CCPS, LGBT, Autism Initiatives, Support in Mind Stafford Centre, Barony Contact Point, Children in Scotland, Kindred, Scottish Huntington Association, Midlothian Voluntary Action, Changing Support, Changing Lives, Lothian Autistic Society, Self Directed Support Scotland, Action for Sick Children, Barnardos, Dunfermline Advocacy, Advocard, FAB, Signpost West Lothian, Chest Heart & Stroke Scotland, MECOPP, Tree Club, Action for Children, EARS, CAPS, Scottish Independent Advocacy Association, PASDA, Pink Ladies mental wellbeing peer support group, Health in Mind Orchard Centre, Amnesty, Inclusion Scotland and Forward Mid.

Activities undertaken in conjunction with the foregoing organisations range from LCiL providing presentations and delivering SDS workshops , to consultation exercises, information exchange enabling reciprocal referrals to joint planning of a national conference (with MECOPP).

Finally, LCiL has responded to a number of local and national consultations on matters of new policies and emerging legislation including:

- Response to Scottish Government's consultation on the future use of resources devolved following the UK Government's decision to close the Independent Living Fund
- Response to Scottish Government's consultation on the draft regulations and statutory guidance to accompany the Social Care (Self-directed Support) Act 2013
- Response to the Equal Opportunities Committee call for evidence on the Scottish Government's Draft Budget 2014-2015
- Points in relation to revised criteria for transport from home to service for disabled people
- Response on the PIP assessment 'moving around' activity.
- Individual feedback to DWP on PIP claimants experiences.



# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT OF THE DIRECTORS (CONTINUED)**

### **OBJECTIVES, ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE**

#### **Principal activity**

The principal activity of the company, as a registered charity, is to support disabled people to live independently.

#### **Objects**

The charity's objects, as stated in its governing document, are to promote choice, status, independence and the opportunity to live a full and rewarding life as competent and valued members of the community for people with impairments, thus preventing segregation and reducing dependency.

#### **Review of the year**

Independent Living remains at the heart of everything LCiL does and the four fundamental aims of the new strategy are leading LCiL to an exciting future.

#### **1. LCiL is a well resourced organisation**

In 2013-14 LCiL continued to use its flexible, realistic and transparent service costings to sustain a balanced budget. LCiL aims to achieve full cost recovery funding from LAs and costs its services, hourly rates and unit costs accordingly when discussing future service level agreements. LCiL continues to develop and deliver/facilitate tailored training courses for other voluntary and private sector organisations as a means of bolstering its earned income potential.

LCiL, however, and despite a very dynamic and intense fundraising campaign, was not able to secure further funding for its counselling service – Your Call. This was primarily due to Scottish Government's inability to co-ordinate a proper funding programme for services working nationally within the mental health sector resulting in such organisations having to negotiate with each local health board for core funding. Given the nature of the Your Call service, engaging with service users who need to have the assurance that their support will be maintained over a number of weeks, and in the absence of secure core funding, the service was forced to close in July 2013. Its Co-ordinator and Administrator were made redundant and the disabled volunteer counsellors, much valued and thanked for their years of dedication, commitment and hard work, were where possible/desired referred to other agencies to continue their work. This service has been a great loss to the organisation.

LCiL continues to make use of the Scottish Government grant that enables it to run a 3 year SDS Development Programme aiming at responding pro-actively and effectively to the changes, challenges and opportunities brought by the SDS Act and the SDS strategies implemented locally. During the period LCiL finalised and costed a menu/ list of existing and new services which were made available to local authorities, and/or service users, under SDS Option 1 and Option 2 from the 1<sup>st</sup> of April 2014.

LCiL negotiated with the Office of Disability Issues (ODI) to extend the funding to the Champions Programme by a year while the ODI agreed to extend the Access to Work Project by only 2 months (up to end of May 2014).

Very importantly, in addition to the above LCiL sent 14 funding applications to trust and foundations, of which 2 were successful. A large proportion of these applications were complex and time consuming. It is very clear that raising funds is becoming increasingly difficult and time spent doing it brings fewer rewards as a result of shrinking resources and increased competition.

#### **2. LCiL is a modern and innovative organisation which provides**

- **individual services**
- **one-stop-shop**

Pioneering new projects and responding holistically to disabled people's expressed needs is a continuing goal for LCiL. The SDS Development Programme, funded by a number of funding streams as explained above, is increasing our capacity to do even more of this. As mentioned before the programme, based on shared objectives enables:

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

- LCIL/GCIL to individually develop a strategic response to local SDS developments in the Lothians/Glasgow and ensure that our future support/information services meet the local demand effectively and creatively. This combined effort with GCIL should enable the two CILs in Scotland to take a co-ordinated approach to developing support/brokerage models. As mentioned previously, during the reporting period staff worked on the implementation of this and LCiL is now able to offer information and support to individuals with individual budgets whether they have chosen SDS Option 1, Option 2 or Option 4. LCiL has also begun to review staff practice in relation to the individual outcome focused approach which is integral to SDS.
- LCIL / GCIL in partnership, to develop and pilot a web-based SDS support service management system that meets the changing needs of SDS support organisations and service users in Scotland.

In 2013-14 LCiL has continued to expand its financial management support service to service users who either do not have the capacity to manage the financial and administrative aspects of their DP/SDS package or who simply prefer to purchase this support to relieve them of the burden of such tasks. To facilitate this support, LCiL holds and operates individual “client bank accounts” on behalf of service users. In developing new models, LCiL remains committed to providing types of support, identified as needed by our service users, and at the lowest possible cost to them, whilst maintaining sustainable funding for the organisation.

With the resources offered within the SDS Development Programme LCiL is in a better position to strengthen links with organisations working with specific minority groups. As such we worked more closely with MECOPP an agency specialised in working with people from the Asian Community, mostly towards a joint conference on SDS and BME communities.

### **Very importantly LCiL strengthened and implemented its communication with clear positive results:**

In October 2013 the new LCiL website was formally launched with a new structure and refreshed branding to make it easier for online visitors to access information and advice on all LCiL services /support including a series of updated and new factsheets available for free download from the online E-library.

Main statistics covering the period from October 2013-March 2014

- 5,225 people visited LCIL’s website
- Visits – 10,292 in total
- Page views – 48,254
- Pages looked at per visit – 4.69
- Average Visit Duration – 4.25 minutes
- % New Visits – 47%
- Bounce Rate (numbers who click off after visiting the homepage) – 38%

As part of information provision and sharing events via online outlets the rate of people we engaged with on social media, via Facebook and Twitter has increased

- Facebook Friends – 220
- Twitter followers – 284

### **3. LCiL develops, sets, and maintains standards of excellence**

In 2013-14 LCiL continued to measure the impact our support has on the lives of people. Feedback received provides vital information for future planning. We continue to receive positive comments from service users that also enable us to measure the success of the organisation and, more importantly, ensure that services respond to the needs of our service users. The year covered by this report has been crucial in preparing staff for the new SDS scenery and this, through reflective practice and other forms of development, will continue.

Meanwhile, LCiL’s Chief Executive continued to be closely involved in the development of a national monitoring and evaluation framework for support organisations called ‘Support in the Right Direction’. The group of 6 organisations leading on the initiative, co-ordinated by Evaluation Support Scotland (ESS) and funded by the Scottish Government, produced a valuable tool that includes interesting and quality case studies produced by LCiL.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

On 18<sup>th</sup> December 2014 all staff but two, most of LCiL's Champions and Board members attended a 'time out day'. This was a very positive event which reconnected all those involved and enabled them to reflect on how the organisation had changed, was still changing and would have to change again in the future. Looking at challenges and opportunities, it was also an opportunity to reflect on our own practice while reconnecting with our roots and values within the Independent Living Movement and as a disabled people's organisation.

Thanks to the SDS Development Programme we are even more confident that LCiL will enable service users to become more involved and provide them with opportunities to influence the organisation.

#### **4. LCiL is an independent, strong value-based, pro-active organisation which leads the future on Independent Living and works in partnership with other organisations**

LCiL continues to be involved in significant national developments and is recognised in its field.

This has been particularly true of its close and active involvement in the various working groups led by Scottish Government that progressed the SDS Bill to an Act and the SDS Strategy, including in the group overseeing the production of the SDS guidance. LCiL's Chief Executive was actively involved in the SDS National Programme Board, the Statutory Guidance and Regulation Working Group, the Advice/Support Organisations' Capacity and Readiness Working Group as well as the Monitoring and Evaluation Working Group.

Aware of its historical role in the development of the Independent Living Movement in Scotland and the promotion of direct payments as a tool toward achieving independent living, LCiL continues work and lead with other organisations in the field. Through its support to, and as chair of, Self Direct Support Scotland (SDSS - umbrella organisation of self-directed support organisations), LCiL is committed to raising the voice of user-led organisations and ensuring that direct payments/SDS remains a viable tool towards Independent Living.

Working closely with the Independent Living in Scotland (ILiS) project LCiL was able during this period to take part in important policy discussions on the Welfare Reforms, the integration of health and social care and care charges. In addition to this ILiS proves to be a great source of information and reference to shape LCiL's own policy position or responses.

Locally LCiL has also been involved in important developments, such as:

- in CEC: the Core Group, working groups on option 2 and improvement of the direct payment process, respite and short breaks group, regular meeting with workforce development staff
- in Midlothian: the Joint Physical Disability planning group, two SDS implementation groups
- in East Lothian: the SDS Implementation Group, SDS Children's implementation group, SDS training planning group
- within CEC's disability services. LCiL's Grapevine service is working with the CEC's Health and Social Care Gateway operational group to deliver a service targeting adults living in Edinburgh diagnosed with progressive neurological conditions such as Multiple Sclerosis, Motor Neuron Disease, Huntington's disease and Parkinson's. The Gateway service has been developed as a result of consultation with service users who said the most important thing was face to face contact with staff providing information that is up to date and accurate
- establishment of a group supporting people affected by welfare reform in Midlothian with a view to developing a peer support model enabling those affected by benefit changes to get support from each other and when required access information and advice from agencies which provide this.

One of the greatest achievements under this aim is the work of LCiL Champions. Through their continuing hard work and commitment to the organisation the Champions are able to make a significant and valuable impact to the way local authorities (and other organisations) develop their policies, deliver staff training and development, and raise awareness via user involvement etc. By 'telling it like it is' the Champions engage in a professional manner with representatives of statutory and non-statutory organisations, on a voluntary basis for LCiL.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

Fully integrated within the four aims above LCiL has embarked on its SDS Development Programme. The programme strives to ensure that the organisation is fit for purpose when local authorities are themselves rolling out SDS. It consists of a programme of capacity building activities in the following areas:

- Users involvement
- Services suitability and relevance to demand
- Policy influencing
- Fit for purpose systems and internal policies
- Resource capacity management
- Financial sustainability

The SDS Development Programme is managed in such a way that it is integrated into the running of all the organisation's activities and its benefits are then shared across the whole organisation.

### Review of the year by services

"LCiL works with disabled people to take control of their own lives, support their choice to take up their rights and enable their full participation in society"

To this end the aims of LCiL are:

- To provide a range of services to support independent living, developed and managed by and for disabled people
- To support the right of disabled people to live independently and take control of their own lives
- To provide the opportunity for disabled people to further their own personal and professional development
- To promote the social inclusion and individual choice of disabled people
- To challenge the attitudes, and the physical and social barriers that create disability

### The Objectives of the organisation are:

- *To provide information, support and training to disabled people to enable them to set up their own independent living packages*

#### *a. The Independent Living Service (ILS)*

An information and support service for people considering setting up and managing their own independent living packages. The Independent Living Team offer one to one advice at whatever stage an individual has reached on their journey towards independent living. The support continues, as required, on an ongoing basis after the SDS options have been set up.

The type of Independent Living support LCiL provides covers a wide range of issues and assists disabled people to make informed choices about what independent living means for them. Some of the practical aspects of support include:

- ◆ identifying individual support needs
- ◆ looking at possible sources of funding for an individual care package
- ◆ writing job adverts, job descriptions, terms and conditions
- ◆ recruitment of Personal Assistants
- ◆ managing staff, compliance with employment legislation
- ◆ liaising with local authority departments and other appropriate organisations
- ◆ adopting safe recruitment procedures
- ◆ assisting with set up and delivery of financial management support service
- ◆ identifying areas of wider need and referring to appropriate services within the organisation as appropriate, e.g. Grapevine, Living and Work Choices

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

In 2013-2014

	Supported Service Users	No of New Referrals
Mid	36	19
West	77	31
East	55	30
CEC	224	128
<b>TOTAL</b>	<b>392</b>	<b>208 (58 more than last year)</b>

- ILS worked with a number of organizations in different ways
- Representation on Personalisation Services Development Group, representation on Forward Mid, ELC SDS Implementation Group, Vocal, Participation in the CEC Core Network Group.
- Presentations: provided numerous presentations to groups such as Kindred, LGBT Reference Group (over 65s), Libertus, FLIP (Family Led Information Point) East Lothian, and Pilmeney Development Project women and men's groups.
- ILS has also taken up opportunities to promote independent living/SDS through participating in a wide range of events, including Future Fairs Event in East and Mid Lothian aimed at young people in transition, West Lothian SDS launch.

### Peer Support

Peer Support is identified as one of the seven needs of independent living and is a prerequisite for a disabled person in receipt of a SDS. The Lothian wide Peer Support Group continues to meet on a regular basis in Edinburgh, providing a platform for disabled PA employers to discuss and share experiences of being PA employers in a safe environment. Whilst LCiL facilitates Peer Support groups, it is also a value which is inherent throughout the organisation.

In 2013-2014, the Edinburgh Peer Support Group discussed the following topics:

- RBS card- payment methods
- Bedroom tax- for spare/staff room
- Agencies/relief cover
- Training costs
- Closure of ILF
- Impact of welfare reforms
- Employer's Liability Insurance
- Appropriate use of contingency money within the DP
- Community Care Charges
- Staffing/employment issues- sharing both positive and challenging experiences
- Introduction of self-directed support
- Access issues

### b. Training

The Training Service continues to provide a variety of courses relevant to the notion of Independent Living and is offered by LCiL to enable disabled people to view the learning experience positively, gain new skills, widen their opportunities to increase self-confidence, gain from peer support and expand their existing knowledge of Independent Living.

- The Training Service was able to continue to offer the Introductory Health & Food Safety Courses, with 22 individuals participating in 4 courses. This course co delivered and co-designed with Greggs the Bakers is designed specifically with disabled people in mind, to give them the confidence and skills to choose healthy eating options and prepare food in a safe way.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

- In return LCiL has delivered a Disabled Equality and Etiquette Session for the Greggs (Scotland) Team of 6 individuals
- In partnership with Greggs LCiL also offered the opportunity to participate in a Food and Safety in the Workplace Course to 8 disabled individuals. Two of them used this as a springboard to finding work in the catering industry.

Training is also available to potential and existing Personal Assistants to enable them to participate in Disability Equality Training and to explore the roles and responsibilities involved in PA work. All of the LCiL's training courses have been designed and developed in conjunction with disabled people and are also delivered by disabled people.

During this year the service ran 4 courses with 34 people participating.

- 4 participants were funded by the Ponto Trust
- 18 participants were funded by BIG (Big Lottery)
- 8 participants used their Individual Learning accounts (ILAs)
- 3 were funded by their employers

The key challenge for the Training Service has been to develop a strategy which would enable it to continue to deliver courses in times of severe budgetary constraints. We are confident, however that continuing to further develop our existing and new partnerships, which have proved very productive, will enhance the range of Training Services courses which support and promote independent living.

### **The Living and Work Choices Programme**

This programme funded by the Big Lottery (BIG) for five years commenced in 2012-13. It consists of the delivery of a training programme with disabled people and people with long term conditions who have not yet considered, or are about to explore, more independent ways of living their lives. Very importantly the Programme offers one to one support and person centred planning so that individuals can translate their individual learning and outcomes into action. The programme offered:

- Four 'Living Work Choice' four day courses - resulting in thirty three participants undertaking the programme
- Two 'Essential Employer Skills' three day course – resulting in ten participants undertaking the programme
- It also offered a number of free places on the training for PAs courses mentioned earlier for other people interested in PA employment and not able to use ILAs

### **The Champions Programme**

Using funding from the Office of Disability Issues (ODI) and Scottish Government SDS Development programme (the project co-ordinator is the SDS development officer), the programme has trained and equipped a group of disabled people, people with long-term conditions and carers as Champions who promote understanding of Independent Living and SDS, and raise the profile of LCiL and Disabled People's Organisations.

Each of the nine Champions has a Buddy who is a member of LCiL staff and who supports them to carry out their role. Champions meet together regularly to share learning and have formed a strong peer support group. During its first year of operation the programme became an integral part of LCiL and has been instrumental in influencing how SDS is implemented.

During this period Champions:

- Attended a six session training programme to equip them for their role
- Took part in 49 events, 11 of which involved two or more Champions. Events ranged from speaking about disability rights to an Amnesty International branch to long-term involvement in the planning and delivery of local authority SDS training for practitioners

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

- *To provide a fully accessible peer counselling service provided by and for disabled people*

LCiL Peer Disabled Telephone Counselling Service “Your Call” closed in July 2013. During the first 3 months of the financial year, Your Call’s professionally qualified disabled volunteer counsellors worked with 14 counselling clients. A further 8 potential clients had contacted the service looking for support which could not be provided due to imminent closure.

- *To provide a payroll service for disabled people who employ their own support staff*

LCiL offers a comprehensive, computerised payroll service for personal assistant employers which also provides a link with the HMRC and operates as a helpline basis for disabled employers.

During the 2013-14 year, the demand for the service grew by almost 18%. A total of 447 disabled employers made use of our payroll service, and salaries were processed for an average of 950 personal assistants each month/ 4 weekly period.

Please see below for a regional breakdown of payroll service users:

REGION	NUMBER OF SERVICE USERS
Edinburgh	246
Midlothian	64
East Lothian	51
West Lothian	80
Private/Other	6

There were 40 cessations during the year.

The Financial Management Service (FMS), formerly referred to as enhanced payroll service, also saw a very significant increase in demand. During 2013-14, 64 service users in total took up this service (28 SUs in previous year = 129% increase).

The significant increases in demand for both payroll and FMS services will inevitably mean that additional resources will be required in 2014-15 to meet the ongoing demand for this support. It will be vital for the sustainability of these services that the new costing models ensure full cost recovery is achieved when new charges are set for 2014-15.

- *To provide an accurate, up to date and accessible disability information service*

In 2013 -2014 the Grapevine Disability Information Service received 3668 enquiries for advice and information from 912 individuals and organisations in Edinburgh, East Lothian and Midlothian. A further 248 people received information/advice via outreach talks.

Grapevine has seen an overall increase of 15% in the numbers of contacts made with the service. 16% of these increased contacts have been from disabled people, the primary contact group.

### Who contacted the service?

Disabled People	510
Family/Friend	113
Voluntary Organisations	134
Local Authority workers	64
Health service	16
Other	20
Unknown	3
Internal	52

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

### Subject of Enquiry:

Money	423
Grants & Trust Funds	57
Benefits Advice	551
Disability Living Allowance/Personal Independence Payment	427
Employment Support Allowance	147
Social Work Services Community Care	253
Direct Payments	205
Transport	105
Equipment	122
Housing	184
Access	345
Education & Employment	165
Holidays Leisure	52
Legal DDA	67
Personal Health	246
Vol Organisation referral	232
Grapevine leaflets, publications	86
Other LCiL services	182

### Regional breakdown:

Edinburgh	792
Midlothian	45
East Lothian	34
West Lothian	13
Other region in Scotland	28
Other UK	8
Other	27
Unknown	26

The majority of Grapevine enquiries relate to benefits and financial advice. In this year advice on this topic area has risen by 34%. In total 46% more disabled people have been supported to complete benefit forms via face to face interviews. This included new claims for PIP - the replacement benefit for DLA which commenced in June 2013.

Grapevine has also been working closer with LCiL's Independent Living Service to ensure that people with care and support needs are able to get support and advice to set up packages which enable them to maintain their independence. Over the course of the last year we have seen a substantial rise (up 46%) in people requesting information on community care and self-directed support. Across all groups we have seen an increase in the numbers contacting us, whether carers, voluntary organisations, health workers and local authority staff.

During 2013-2014 Grapevine responded to over 475 phone calls, 178 online requests for information, including emails, provided 168 face to face interviews, received 248 enquiries via 25 outreach talks to local groups and organisations and replied to 4 letters. Over 1,000 copies of Grapevine's quarterly newsletter, 'Lothian Disability News' was distributed to individuals and organisations across Lothian.

### Partnership working:

*Gateway Service:* Partnership working continues with CEC on the Gateway service targeting people with progressive neurological conditions, aged 16-65 years old and living in Edinburgh. Grapevine's Information Officer provides two out-reach surgeries per week, based at Craighall and Firhill Resource Centres. Over the course of 2013-2014 Grapevine has supported 40 individuals with 190 enquiries through the Gateway service. Grapevine is a well-recognised as a third sector partner of the Gateway Service.



## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

### **REPORT OF THE DIRECTORS (CONTINUED)**

Grapevine continues to have close links with **NHS Lothian's Pulmonary Rehab Groups** delivering a number of talks to satellite groups across the City of Edinburgh. These talks ensure that nurses/physiotherapists in the service have referral routes for people with COPD to receive benefit checks and make claims. This work resulted in an increase in enquiries and also provided referrals for the Change Fund project.

**Change Fund:** 58 benefit checks (Attendance Allowance, Pension Credits and other entitlements) for people aged 65 and above living in City of Edinburgh were carried out in the period. This number exceeded the original target for the Change Fund (40).

**Advice Agencies Forum:** Grapevine is part of the DWP Advice Agencies Forum in Edinburgh and is currently establishing links with the City of Edinburgh Council's Welfare Reform Partners Forum. These fora are aiming to build an effective network to ensure signposting/reciprocal referrals around the impact of welfare reforms. In Midlothian, under MLC's Physical Disability Strategy (2012-2015) Grapevine has been involved in the establishment of a welfare reform group for people affected by benefit changes and in need of support from each other and advice from relevant agencies.

Grapevine has strong links with / has delivered talks on a range of issues, including welfare reform to:

Headway East Lothian

Living Well, North Edinburgh

LGBT Centre for Health and Wellbeing

Arthritis Care

Self-management Group, Edinburgh

Edspace, Health in Mind

Partners in Advocacy Collective Advocacy Group

MS Therapy Centre, Edinburgh

VOCAL, Edinburgh

Muscular Dystrophy Campaign

Pilmey Development Group Disabled Living Centre, Astley Ainslie Hospital

Strong referral links remain in place with other statutory and voluntary sector services across the Lothians, including, social work teams, Astley Ainslie Hospital, Advocard, Citizens Advice Bureaus, Kindred, FAiR, Cyrenians, The Action Group, and Welfare Rights Teams in local authorities including The Advice Shop.

#### **Policy – welfare reform**

Over the next 5 years all existing DLA claimants will be reassessed under PIP. Grapevine has responded to the new demands placed on disabled people who have to go through stressful assessments under a new process which will inevitably mean most people will be seen face to face by an independent health professional.

We have been feeding in individual experiences on a regular basis from those we are supporting with PIP claims to the DWP and will be ensuring their views are taken into account by submitting evidence when the Independent Review of PIP takes place later on in 2014.

#### **FINANCIAL REVIEW**

Against the background of no increased core funding, ongoing increased demand for services and rising overhead costs, the funding received from the Scottish Government to implement a programme of work that will ensure that LCIL is fit for purpose when local authorities have rolled out SDS from 1<sup>st</sup> 2014 April onwards has temporarily alleviated LCIL's struggle to develop and deliver safe and effective services. LCiL Directors, continue their sound financial control while the management team continues to operate stringent and transparent accounting practices in an increasingly competitive voluntary sector.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## REPORT OF THE DIRECTORS (CONTINUED)

LCIL's withdrawal from the Lothian Pension Fund is beginning to enable the organisation to make quite significant savings and should allow it to compete more favourably in the future market place. However the ongoing re-payment of the cessation fees (£112,500 over the next 3 years) will continue to have a financial impact on the organisation for the duration of this period.

At 31 March 2014 the charity's reserves were £283,107 (2013 £152,212) comprising an accumulated surplus on unrestricted funds of £81,393 (2013 £130) and an accumulated surplus on restricted funds of £201,714 (2013 £152,082). The financial statements have been prepared on the going concern basis. The directors consider that this is appropriate as the charity meets its day to day working capital requirements as they fall due and expects to be able to continue to do so for the foreseeable future.

At the year end the charity's liability in respect of cessation fees to LPF was £112,500 of which £37,500 is due to be repaid during 2014/15 and a further £37,500 due to be repaid each year for the subsequent 2 years.

### Principal Funding Sources

A further 1 year service level agreement (SLA) was awarded by City of Edinburgh Council at the same funding level since 2006. The City of Edinburgh Council remains the most significant funder for LCiL's core services (i.e. Independent Living, Independent Living Training, Payroll and the Grapevine – Disability Information Service). West, East and Midlothian Councils have awarded a further 1 year funding again with no uplift since 2010 and, in the case of East Lothian Council without formally making a decision on continued funding for the Grapevine service. It has been intimated that during 2014-15 all 4 LAs will review the services provided by LCiL in terms of best value and strategic relevance.

### Restricted Funds

- ◆ Peer Counselling – Funding carried forward from previous year was fully spent on delivery and winding up this service between April and June 2013 at which point the service was forced to close due to lack of continued funding.
- ◆ Enterprise Growth Fund - funds carried forward were fully spent on consultation fees incurred developing new costing model for the organisation.
- ◆ Change Fund grant awarded to support older people to increase take up of SDS within this client group was fully spent. A further year's funding was secured to continue this work in 2014-15.
- ◆ SG Database – further funds received from Scottish Government spent to progress the development of the web-based management tool continues to be classified as a fixed asset in the course of construction (note 6) and depreciation of the asset will not commence while significant changes are made to the specification under development to ensure it is fit for purpose – i.e. enabling better collation of statistical data re service delivery and also to provide Service User on-line access to their case records and to manage their individual budgets.
- ◆ SDS Development Programme – continuing funding of this 3 year programme which ends in March 2015 was received from Scottish Government to continue the work with LAs to implement/adapt their systems/procedures, to support SUs to make informed choice re options within SDS, to work with care providers on promoting SDS, following the enactment of Self-Directed Support Act on 1<sup>st</sup> April 2014.
- ◆ SDS Children & Families Programme – As an additional and complementary element of the SDS Development Programme, Scottish Government funding was received to focus on SDS for Children, young people and Families and people with mental health issues accessing SDS. This complementary project also runs until March 2015.
- ◆ ODI Champions Programme – Funding received from the Office of Disability Issues (ODI) was fully spent on training and equipping a group of disabled people, people with long-term conditions and carers to promote understanding of Independent Living and SDS, and raise the profile of LCiL and Disabled People's Organisations.
- ◆ ODI AtW - Funding received from the Office of Disability Issues (ODI) was fully spent on providing a programme of promotion, information and advice to disabled people, employers and employment support organisations regarding the important resource of Access To Work. This project ended in May 2014.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT OF THE DIRECTORS (CONTINUED)**

- ◆ BIG – funds received from the BIG Lottery Fund, part of a five year project, Living and Work Choices, to support disabled young people and adults move towards more independent living and the labour market.

Applications continue to be prepared and targeted at other key funders and smaller trusts to supplement the core services and develop new services in response to an identified need. However as previously mentioned it is very clear that raising funds is becoming increasingly difficult and the time spent doing it brings fewer rewards as a result of shrinking resources and increased competition.

The Directors and senior management continue to prepare for the changes in service procurement and commissioning which may change the way in which LCiL negotiates its funding from the public sector. The local implications of the implementation of the SDS (Scotland) Act 2013 are still not clear regarding how or when they might affect LCiL. The changes, that include LAs moving to awarding Individual Budgets (i.e. allocating a definite budget to each individual that he/she can choose to receive directly as a direct payment or through arranged services with greater control and choice) means that LCiL must continue to look at ways of better evidencing best value practice and develop processes to measure and report on qualitative and quantitative outcomes.

### **Reserves Policy**

The Directors attempt to follow the guidelines for reserves as stipulated in the City of Edinburgh Funding Agreement who are the organisation's largest core funder. This states that, whilst encouraging the accumulation of financial reserves, these should not exceed 3 months staff salaries. Clearly the on-going liability to LPF in relation to cessation costs means that LCiL will have to be even more stringent in monitoring its spending, ensure full cost recovery basis is applied to all future funding applications, SLAs etc., and endeavour wherever possible to maximise earned income opportunities in an effort to rebuild its unrestricted reserves.

### **PLANS FOR THE FUTURE**

LCiL will continue to implement its 3 year SDS Development Programme and the activities outlined above subject to satisfactory funding. The organisation shall continue to look at methods of providing sustainable funding for all its services and progress the social enterprise methodology with a view to ultimately delivering services which members themselves identify a need for, rather than those judged necessary/suitable by funders.

The fundamental aim of the organisation is to continue to provide the services which our changing membership requires to enable them to live independently in the community of their choice.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **REPORT OF THE DIRECTORS (CONTINUED)**

### **DIRECTORS**

The directors are the charity's trustees for the purpose of charity law. The directors of the company during the year were as follows:

Jeff Adamson	Convenor
Liz Pearston	Treasurer
Louise Doctor	
Colin Cameron	
Ann Robertson	deceased Aug 2014
Suselle Boffey	
Robert MacPherson	
John Ballantine	co-opted April 14

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **TANGIBLE FIXED ASSETS**

Additions to tangible fixed assets during the year ended 31 March 2014 are disclosed in note 6 to the financial statements. All are employed for direct charitable purposes.

### **QUALIFYING INDEMNITY PROVISION**

Professional indemnity insurance held by the company, which includes cover for directors, was in force during the year ended 31 March 2014 and is in force now.

### **BASIS OF PREPARATION**

This report has been prepared in accordance with Statement of Recommended Practice: Accounting and Reporting by Charities (March 2005) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

### **ON BEHALF OF THE BOARD:**

E L PEARSTON  
DIRECTOR

14 October 2014

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS (AS TRUSTEES) AND MEMBERS OF LOTHIAN CENTRE FOR INCLUSIVE LIVING**

We have audited the financial statements of Lothian Centre for Inclusive Living for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes on pages 22 to 31 inclusive. The financial reporting framework that has been applied in their preparation is applicable law, the Financial Reporting Standard for Smaller Entities (effective April 2008) and Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Charitable Entities).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's directors 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 charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Directors' Responsibilities set on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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 Report of the Directors 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 charitable company's affairs as at 31 March 2014 and of its 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 applicable to Smaller Charitable Entities; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS (AS TRUSTEES) AND MEMBERS OF LOTHIAN CENTRE FOR INCLUSIVE LIVING (CONTINUED)**

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

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Report of the Directors and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

William Main CA (Senior Statutory Auditor)  
for and on behalf of Brown, Scott & Main, Statutory Auditor  
91 West Savile Terrace  
Edinburgh

2014

Brown, Scott & Main is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
<b>Voluntary income</b>					
Grants	3	292,121	299,224	591,345	557,231
Donations		<u>808</u>	<u>-</u>	<u>808</u>	<u>4,314</u>
		<u>292,929</u>	<u>299,224</u>	<u>592,153</u>	<u>561,545</u>
<b>Investment income</b>					
Bank interest		<u>182</u>	<u>-</u>	<u>182</u>	<u>644</u>
<b>Incoming resources from charitable activities</b>					
Service level agreements	3	93,695	-	93,695	93,695
Payroll fees [Independent Living]		99,484	-	99,484	85,851
Consultancy fees and other income		<u>5,276</u>	<u>-</u>	<u>5,276</u>	<u>4,729</u>
		<u>198,455</u>	<u>-</u>	<u>198,455</u>	<u>184,275</u>
<b>Total incoming resources</b>		<u>491,566</u>	<u>299,224</u>	<u>790,790</u>	<u>746,464</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Costs of generating voluntary income		11,820	-	11,820	12,799
<b>Charitable activities</b>		380,080	254,356	634,436	630,838
<b>Governance costs</b>		<u>13,639</u>	<u>-</u>	<u>13,639</u>	<u>5,726</u>
Total resources expended	5	<u>405,539</u>	<u>254,356</u>	<u>659,895</u>	<u>649,363</u>
<b>NET INCOME FOR YEAR</b>		86,027	44,868	130,895	97,101
<b>TRANSFERS</b>					
Gross transfers between funds		(4,764)	4,764	-	-
<b>NET INCOME FOR YEAR BEFORE OTHER RECOGNISED GAINS</b>		81,263	49,632	130,895	97,101
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
Losses arising from defined benefit pension scheme cessation	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>(665,000)</u>
<b>Net movement in funds</b>	10	81,263	49,632	130,895	(567,899)
<b>Total funds brought forward</b>	10	<u>130</u>	<u>152,082</u>	<u>152,212</u>	<u>720,111</u>
<b>Total funds carried forward</b>	10	<b><u>£81,393</u></b>	<b><u>£201,714</u></b>	<b><u>£283,107</u></b>	<b><u>£152,212</u></b>

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

BALANCE SHEET AS AT 31 MARCH 2014

Company number SC129392

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>55,767</u>	<u>48,943</u>
<b>CURRENT ASSETS</b>			
Debtors	7	83,349	74,835
Client account balances		256,286	147,388
Cash at bank and in hand		<u>274,101</u>	<u>454,558</u>
		<u>613,736</u>	<u>676,781</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>311,396</u>	<u>423,512</u>
<b>NET CURRENT ASSETS</b>		<u>302,340</u>	<u>253,269</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		358,107	302,212
<b>CREDITORS: Amounts falling due after one year</b>	9	<u>75,000</u>	<u>150,000</u>
<b>NET ASSETS</b>		<u><b>£283,107</b></u>	<u><b>£152,212</b></u>
<b>CAPITAL AND RESERVES</b>			
<b>Unrestricted funds:</b>			
General funds		<u>81,393</u>	<u>130</u>
Total unrestricted funds	10	81,393	130
<b>Restricted funds</b>	10	<u>201,714</u>	<u>152,082</u>
		<u><b>£283,107</b></u>	<u><b>£152,212</b></u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 22 to 31 were approved by the Board of Directors on 14 October 2014 and signed on its behalf by:

**E L PEARSTON**  
**DIRECTOR**

**L DOCTOR**  
**DIRECTOR**

The notes form part of these financial statements



# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

### **1. ACCOUNTING POLICIES**

#### **BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" and with the Companies Act 2006.

#### **FUND ACCOUNTING**

Unrestricted funds represent grants and other incoming resources receivable to further the objects of the charity without further specified purpose and are available as general funds.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the relevant funding body or which have been raised by the charity for specific purposes. Further information on the purpose of specific restricted funds is provided at pages 17 and 18 of the report of the directors. The charity had nine restricted funds during the year: Peer Counselling, BIG, Enterprise Growth Fund, Change Fund, Scottish Government database, Scottish Government Development, SDS Children & Families, ODI Champions and ODI Access to Work.

Inter-fund transfers are made from the general unrestricted fund to restricted funds to cover any shortfall suffered on a specific restricted fund activity.

#### **INCOMING RESOURCES**

Income comprises grants, service level agreement income, project fees and donations which are recognised when entitlement to, certainty and measurement of the income has been established. Where a donor has imposed restrictions on the expenditure of resources which amount to pre-conditions for use, the income is deferred until the conditions have been met. Income receivable for specific purposes is accounted for as a restricted fund. All income is derived from activities within the UK. Sources of significant grants and service level agreement income receivable are shown at note 3. The value of services provided by volunteers has not been quantified or included in these accounts.

#### **RESOURCES EXPENDED**

All expenditure is included on an accruals basis as a liability is incurred. Expenditure includes VAT which cannot be recovered. Costs related to a particular activity are allocated directly and support costs are apportioned on an appropriate basis e.g. staff time, floor area or estimated usage as set out in note 5.

Costs of generating funds comprise the costs associated with attracting income and promoting the services provided by the charity.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity, as well as those costs associated with the strategic management of the charity itself.

#### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost less accumulated depreciation. Minor additions costing less than £100 are not capitalised. Depreciation is charged so as to write off the cost less residual value of each asset over its useful life. The rate of depreciation applicable to office equipment, furniture and fittings is 25% per annum on a straight line basis.

# **LOTHIAN CENTRE FOR INCLUSIVE LIVING**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)**

### **1. ACCOUNTING POLICIES (Continued)**

#### **TAXATION**

The company is registered as a Scottish charity and is exempt from corporation tax under Section 475 et seq of CTA 2010. The company is not registered for VAT and expenditure includes VAT where appropriate.

#### **PENSIONS**

With effect from 1 September 2012 the company ceased its membership of the Lothian Pension Fund, an independently administered multi-user defined benefit pension scheme operated on behalf of local authority and voluntary sector employees. In place of that scheme the company now makes contributions into a defined contribution group personal pension plan for employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost for the previous period included under resources expended includes contributions payable by the company to the defined contribution fund in the period to cessation if membership of that scheme. Employee and employer contributions of £3,318 (2013 £3,448) were payable to the defined contribution scheme at the year-end.

#### **OPERATING LEASES**

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

#### **LIABILITIES**

Liabilities are recognised in the financial statements when an obligation arises for the transfer of economic benefits as a result of past transactions or events.

#### **GOING CONCERN**

The financial statements are prepared on the going concern basis. The directors consider that the going concern basis is appropriate as the company expects to secure sufficient funding from external agencies to continue to provide its current services for the foreseeable future and to meet its day to day working capital and capital commitments as they fall due, including scheduled payments on the company's defined benefit pension scheme cessation liability (see note 13).

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

### 2. NET INCOMING RESOURCES FROM ORDINARY ACTIVITIES

	2014	2013
	£	£
Net incoming resources from ordinary activities is stated after charging:		
Depreciation	5,276	4,515
Auditors' remuneration for audit services	4,700	4,400
Auditors' remuneration for non-audit services	<u>950</u>	<u>880</u>

### 3. GRANT AND SERVICE LEVEL AGREEMENT INCOME RECEIVABLE

	2014	2014	2014	2013	2013	2013
	Unrest- ricted	Rest- ricted	Total	Unrest- ricted	Rest- ricted	Total
	£	£	£	£	£	£
<b>Government grants</b>						
Scottish Government	-	177,015	177,015	-	104,783	104,783
City of Edinburgh Council	242,592	-	242,592	242,592	-	242,592
East Lothian Council	<u>42,201</u>	-	<u>42,201</u>	<u>44,832</u>	-	<u>44,832</u>
	<u>284,793</u>	<u>177,015</u>	<u>461,808</u>	<u>287,424</u>	<u>104,783</u>	<u>392,207</u>
<b>Other grants</b>						
BIG Lottery Fund	-	79,249	79,249	-	81,600	81,600
Office for Disability Issues	-	31,300	31,300	-	2,295	2,295
Change Fund	-	11,660	11,660	-	11,475	11,475
JTH Charitable Trust	250	-	250	-	-	-
SDSS	-	-	-	-	9,919	9,919
LTCAS	-	-	-	-	36,784	36,784
Souter Charitable Trust	-	-	-	-	3,000	3,000
Queensberry House Trust	-	-	-	-	10,000	10,000
The Moffat Charitable Trust	-	-	-	-	2,000	2,000
Ponton	-	-	-	-	1,000	1,000
Hospital Saturday Fund	-	-	-	-	1,000	1,000
Skills Development Scotland	-	-	-	-	800	800
Employment Service	<u>7,078</u>	-	<u>7,078</u>	<u>5,151</u>	-	<u>5,151</u>
	<u>7,328</u>	<u>122,209</u>	<u>129,537</u>	<u>5,151</u>	<u>159,873</u>	<u>165,024</u>
<b>Total grants</b>	<b><u>£292,121</u></b>	<b><u>£299,224</u></b>	<b><u>£591,345</u></b>	<b><u>£292,575</u></b>	<b><u>£264,656</u></b>	<b><u>£557,231</u></b>
<b>Local Government service level agreements</b>						
West Lothian Council	59,261	-	59,261	59,261	-	59,261
Midlothian Council	<u>34,434</u>	-	<u>34,434</u>	<u>34,434</u>	-	<u>34,434</u>
	<b><u>£93,695</u></b>	<b><u>£ -</u></b>	<b><u>£93,695</u></b>	<b><u>£93,695</u></b>	<b><u>£ -</u></b>	<b><u>£93,695</u></b>

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

### 4. EMPLOYEES AND DIRECTORS

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Details of staff costs are as follows:		
Gross salaries	413,276	386,906
Employer's national insurance	35,974	29,660
Defined contribution pension scheme cost and defined benefit pension service cost	<u>25,971</u>	<u>43,053</u>
	<b><u>£475,221</u></b>	<b><u>£459,619</u></b>

No remuneration was payable to directors during the year (2013 nil).

No individual employee received emoluments of more than £60,000. The average number of employees during the year was as follows:

	<b>Number</b>	<b>Number</b>
Management	2	2
Staff for managed projects	16	17
Administration	<u>1</u>	<u>1</u>
	<u>19</u>	<u>20</u>

During the year the company paid travel expenses totalling £225 (2013 £81) on behalf of one (2013 one) director. Details of other related party transactions are provided at note 14.

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

### 5. TOTAL RESOURCES EXPENDED

	ON CHARITABLE ACTIVITIES														GO	2014	2013
	CoGF	ILS	GV	TR	PC	BIG	SGC&F	EGF	Change	SGDV	SGDA	ODICH	ODIAW				
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>																	
Staff costs	11,820	209,874	48,935	10,373	16,511	34,851	15,527	-	8,354	36,011	32	3,812	15,100	-	411,200	388,750	
Recruitment	-	1,745	135	22	-	2,137	1,370	-	-	-	-	-	-	-	5,409	5,180	
Audit fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,650	5,280	
Other professional fees	-	-	-	-	-	-	-	9,500	-	294	-	-	-	-	6,300	16,094	
Volunteer expenses	-	-	336	-	-	-	-	-	-	-	-	66	-	639	1,041	690	
Management committee training	-	-	-	-	-	-	-	-	-	-	-	320	-	930	1,250	-	
Other service delivery costs	-	1,182	203	1,459	3,224	9,047	-	-	-	4,952	-	2,081	423	-	22,571	34,278	
LPF cessation	-	1,778	405	67	-	-	-	-	-	-	-	-	-	-	2,250	3,000	
Payroll fees bad debts	-	54	-	-	-	-	-	-	-	-	-	-	-	-	54	2,473	
<b>Support costs allocated to activities [basis of allocation]</b>																	
Staff costs [staff time]	-	42,195	9,334	5,858	-	-	-	-	3,140	19,241	-	1,769	2,495	-	84,032	84,114	
Premises costs																	
[floor area; per capita]	-	22,391	5,424	2,468	255	8,113	1,313	-	-	3,028	72	1,408	801	-	45,273	42,935	
Consultant fees and temporary staff [time]	-	5,869	377	63	3,861	2,814	-	-	-	-	-	-	-	-	12,984	29,756	
Office and administration [usage; per capita]	-	21,504	5,797	1,227	965	5,805	606	-	220	6,732	38	1,407	1,753	-	46,054	48,386	
Bank charges [usage; per capita]	-	607	26	4	-	-	-	-	-	-	-	-	-	120	757	6	
Contribution (from projects)/ to core	-	(11,709)	(2,668)	(10,530)	-	10,085	2,208	-	-	12,614	-	-	-	-	-	-	
Depreciation [usage; per capita]	-	4,168	950	158	-	-	-	-	-	-	-	-	-	-	5,276	4,515	
	<b>11,820</b>	<b>299,658</b>	<b>69,254</b>	<b>11,169</b>	<b>24,816</b>	<b>72,852</b>	<b>21,024</b>	<b>9,500</b>	<b>11,714</b>	<b>82,872</b>	<b>142</b>	<b>10,863</b>	<b>20,572</b>	<b>13,639</b>	<b>659,895</b>	<b>649,363</b>	

Amounts classified above as staff costs includes employee costs of £475,221 (2013 £459,619) as disclosed at note 4 and also staff travel and training costs.

Abbreviations used in the table of resources expended are as follows:

CoGF	Costs of generating funds	ODICH	ODI Champions	GV	Grapevine	SGDV	Scottish Government Development
EGF	Enterprise Growth Fund	ILS	Independent Living Services	TR	Training	SGDA	Scottish Government Database
ODIAW	ODI Access to Work	PC	Peer Counselling	GO	Governance	SGC&F	Scottish Government Communities & Families
Change	Change Fund	BIG	BIG Lottery Fund				

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

### 6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and office equipment £	Assets in the course of construction £	Total £
<b>COST</b>			
At 1 April 2013	65,457	42,000	107,457
Additions	6,100	6,000	12,100
Disposals	<u>(10,886)</u>	<u>-</u>	<u>(10,886)</u>
At 31 March 2014	<u>60,671</u>	<u>48,000</u>	<u>108,671</u>
<b>DEPRECIATION</b>			
At 1 April 2013	58,514	-	58,514
Charge for year	5,276	-	5,276
Disposals	<u>(10,886)</u>	<u>-</u>	<u>(10,886)</u>
At 31 March 2014	<u>52,904</u>	<u>-</u>	<u>52,904</u>
<b>NET BOOK VALUE</b>			
At 31 March 2014	<u><b>£7,767</b></u>	<u><b>£48,000</b></u>	<u><b>£55,767</b></u>
At 31 March 2013	<u><b>£6,943</b></u>	<u><b>£42,000</b></u>	<u><b>£48,943</b></u>

Tangible fixed assets comprise equipment, furniture and fittings and all are used for management and in support of direct charitable activities.

### 7. DEBTORS

	2014 £	2013 £
Amounts falling due within one year:		
Accrued income	55,263	56,765
Prepayments	19,148	18,070
Other debtors	<u>8,938</u>	<u>-</u>
	<u><b>£83,349</b></u>	<u><b>£74,835</b></u>

### 8. CREDITORS AND ACCRUED CHARGES

Amounts falling due within one year:		
Payroll taxes	-	8,875
Client account balances	256,286	147,388
Defined benefit pension scheme cessation liability (note 13)	37,500	250,000
Accruals and deferred income	<u>17,610</u>	<u>17,249</u>
	<u><b>£311,396</b></u>	<u><b>£423,512</b></u>

### 9. CREDITORS AND ACCRUED CHARGES

Amounts falling due after one year:		
Defined benefit pension scheme cessation liability (note 13)	<u>75,000</u>	<u>150,000</u>
	<u><b>£75,000</b></u>	<u><b>£150,000</b></u>

# LOTHIAN CENTRE FOR INCLUSIVE LIVING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

### 10. MOVEMENT ON FUNDS

	At 01/04/13 £	Incoming Resources £	Outgoing Resources £	Net Inter-fund movement £	transfers £	At 31/03/14 £
<b>Restricted Funds:</b>						
Peer Counselling	20,241	-	(24,816)	(24,816)	4,575	-
BIG	13,499	79,249	(72,852)	6,397	-	19,896
Enterprise Growth Fund	9,500	-	(9,500)	(9,500)	-	-
Change Fund	-	11,660	(11,714)	(54)	54	-
ODI Champions	-	10,186	(10,863)	(677)	677	-
ODI Access to Work	-	21,114	(20,572)	542	(542)	-
Scottish Government C&F	-	42,644	(21,024)	21,620	-	21,620
Scottish Government database	54,549	17,034	(142)	16,892	-	71,441
Scottish Government devel	<u>54,293</u>	<u>117,337</u>	<u>(82,873)</u>	<u>34,464</u>	<u>-</u>	<u>88,757</u>
Total restricted	<u>152,082</u>	<u>299,224</u>	<u>(254,356)</u>	<u>44,868</u>	<u>4,764</u>	<u>201,714</u>
<b>Unrestricted Funds:</b>						
Undesignated funds						
General fund	<u>130</u>	<u>491,566</u>	<u>(405,539)</u>	<u>86,027</u>	<u>(4,764)</u>	<u>81,393</u>
Total undesignated	<u>130</u>	<u>491,566</u>	<u>(405,539)</u>	<u>86,027</u>	<u>(4,764)</u>	<u>81,393</u>
Total unrestricted	<u>130</u>	<u>491,566</u>	<u>(405,539)</u>	<u>86,027</u>	<u>(4,764)</u>	<u>81,393</u>
<b>TOTAL FUNDS</b>	<b><u>£152,212</u></b>	<b><u>£790,790</u></b>	<b><u>£(659,895)</u></b>	<b><u>£130,895</u></b>	<b><u>£-</u></b>	<b><u>£283,107</u></b>

Further information on the purpose of specific restricted funds is provided at pages 17 and 18 of the report of the directors.

### 11. FINANCIAL COMMITMENTS

Annual financial commitments under operating leases at the year end are set out below:

	2014 Land and Buildings £	2014 Equipment £	2013 Land and buildings £	2013 Equipment £
Expiring:				
Within one year	33,390	-	33,390	-
Within two to five years	<u>-</u>	<u>4,790</u>	<u>-</u>	<u>4,790</u>
	<u>33,390</u>	<u>4,790</u>	<u>33,390</u>	<u>4,790</u>

### 12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Assets and liabilities are analysed between the charity's funds as follows:

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Fixed assets	7,767	48,000	55,767	48,943
Net current assets	148,626	153,714	302,340	253,269
Creditors due after more than one year	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>	<u>(150,000)</u>
	<b><u>£81,393</u></b>	<b><u>£201,714</u></b>	<b><u>£283,107</u></b>	<b><u>£152,212</u></b>

## LOTHIAN CENTRE FOR INCLUSIVE LIVING

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

#### 13. DEFINED BENEFIT PENSION SCHEME BUY-OUT LIABILITY

With effect from 1 September 2012 the charity ceased its membership of the Lothian Pension Fund, a multi-user defined benefit pension scheme, resulting in a cessation valuation liability of £400,000. This liability is payable by instalments and the final instalment is due to be paid by 31 March 2017. The remaining liability is recognised in the financial statements at notes 8 and 9 in accordance with the timing of the schedule of payments agreed with Lothian Pension Fund. Interest at 1% above bank base rate will be payable to Lothian Pension Fund during the payment period.

In the previous year the total cost arising from the cessation of scheme membership recognised under "Other recognised gains and losses" on the face of the Statement of Financial Activities comprises:

	<b>£</b>
Derecognition of defined benefit pension scheme	265,000
Defined benefit pension scheme cessation liability	<u>400,000</u>
	<b><u>£665,000</u></b>

#### 14. RELATED PARTY TRANSACTIONS

During the year the company incurred no training fees (2013 £3,825) from Maggie Cameron, the wife of Dr Colin Cameron, director.

#### 15. CONTINGENT LIABILITY

The company currently remains in dispute with H M Revenue & Customs as to the VAT treatment of payroll services it provides. If the outcome of these negotiations results in these services being standard rated for VAT purposes, the company will have a liability for VAT which it estimates will be in the region of £60,000 (2013 £44,000), excluding penalties and interest.

#### 16. CAPITAL COMMITMENT

At the year-end the company had no capital commitments (2013 £6,000).

#### 17. COMPANY LIMITED BY GUARANTEE

Lothian Centre for Inclusive Living is a company limited by guarantee without a share capital. In the event of the company being wound up the liability of each member is restricted to £1.

#### 18. CONTROLLING PARTY

The company is limited by guarantee and is a charitable membership organisation. The directors do not consider the company to be controlled by any individual party.