
From: Martin Harvey
Sent: 24 May 2011 11:29
To: Rosamund Riley; Linda Haigh; Shane Baker; Keisha Baker-Benjamin; 'Keisha'; 'Gillian Brown'
Cc: 'cffitzlondon@[GRO-C]'; 'Peter Stevens'; 'David Downton'; 'Moira Protani'; 'Nick Fish'
Subject: FW: The future for the provision of services to Alliance house operations
Attachments: Service provision for Alliance House operations - meeting 13 05 11.docx

All

My previous email refers.



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From: C F FitzGerald [mailto:[cffitzlondon@\[GRO-C\]](mailto:cffitzlondon@[GRO-C])]
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Cc: Martin Harvey
Subject: The future for the provision of services to Alliance house operations

Dear All

I reported at the last NSSC meeting that advice we had just received from our lawyers appeared to present a substantial roadblock in the path towards implementation of the DH's strategy for the new Hepatitis C charity. That assumed that MFT would be the service provider but a question had arisen regarding VAT. It had been thought that this could be overcome by MFT providing services without making a charge (and therefore without the need to raise any invoice) and with the DH increasing MFT's annual allocation to compensate for the consequent increase in costs. It had seemed wise to ask our lawyers to confirm that to provide services to third (albeit closely related) parties was something MFT could do as a matter of charity law. The advice in response was that the limitations in its Trust Deed (including on the limited power to make amendments) were such that MFT could not provide such services at all, i.e. for reward or without charge. I said at the NSSC meeting that I would arrange an urgent meeting with our lawyers to explore this advice (which Russell kindly agreed he would attend with me) and that I would report to all the Trustees when I could see a way forward.

Russell and I had a long meeting with Moira Protani on Monday of last week when the advice received was clearly confirmed. In the light of that confirmation I immediately sought an urgent meeting with the DH. That meeting was held on Friday of last week, with Peter Stevens in attendance as Chairman of Caxton. I explained the problem and offered some possible solutions. At the end of the meeting, and having indicated their preliminary preference, the DH officials said they would consider the position and let me know how they would like to see the process taken forward. They have now done so and I have settled with them an agreed note of the meeting which sets out the problem, the possible solutions and various pros and cons and now includes their conclusion. I attach a copy of that note now.

As you will see the DH's preferred way forward is to "flip" the provision of services for "Alliance House operations" so that they will be provided by Caxton to MFT and ET (and to Skipton and MFET) rather than by MFT to Caxton and the others. For my part too, that is also very much the preferred way, given that MFT cannot be the provider, and I believe it would be quite unrealistic even to think about pressing for the option for Caxton to go it alone. I also greatly

prefer the "flip" option to the Corporate Trustee one which is elaborated in the note of the meeting and for the reasons I set out there as MFT's "concerns".

As to the practicalities, it will be necessary, in addition to transferring all responsibility for premises and employment arrangements to Caxton, for MFT to develop a Service Level Agreement under which Caxton will provide all the services MFT requires, just as we were expecting to do the other way around if the roles had been reversed. In just the same way, since for VAT reasons the services will be provided without charge, it will be necessary to work out the mechanics by which the respective allocations of Caxton, MFT and ET (via MFET) will be adjusted to cover the fact that Caxton will be incurring the costs of providing services to MFT, ET and MFET without receiving any payment from them in return. I am sure there will be plenty more in the detail. In particular I can see a need for the SLA to provide for the establishment and maintenance of some kind of Liaison Group, consisting perhaps of two Trustees (including their respective Chairmen) from each of MFT and Caxton, which would meet regularly to agree and monitor the provision of services but, once again, I have no doubt that the same would have been required if the Caxton and MFT roles had been reversed as previously planned. It is, of course, true that the MFT Board will no longer have responsibility for and direct control over employees and premises but the SLA and Liaison Group should provide a sufficient degree of MFT connection with these matters to provide reassurance both to the MFT Board and to MFT's beneficiaries. Furthermore, and to my mind of crucial importance, taking the "flip" option as the way forward (rather than the Corporate Trustee route) will leave the MFT Board in exclusive control not only of its existing funds and future funding but also of the policies it believes are in the best interests of MFT's beneficiaries.

I hope these comments, together with the note of the recent meeting, will provide Trustees with as complete a picture as possible. I will provide further updates as matters progress but, if you have any questions or comments in the meantime, please do raise them with me. You can usually get me on my mobile: **GRO-C:**

Best wishes
Christopher