

THE MACFARLANE TRUST

ANNUAL REPORT

for the period ending

31st March 1993

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TRUSTEES

APPOINTED BY THE HAEMOPHILIA SOCIETY

The Reverend Prebendary Alan Tanner MA (Chairman)

C. H. Grinsted JP FCIS FBIM (Deputy Chairman)

GRO-A

Sheila Cowe BA RGN

GRO-A

Christopher Hodgson

APPOINTED BY THE SECRETARY OF STATE FOR HEALTH

J. P. Cashman

Christine Harrington Cert.Ed. RGN

Dr. Elizabeth Mayne MD FRCP FRCPath

A. Palmer CBE

ADMINISTRATOR AND REGISTERED OFFICE

J. A. Williams

P.O. Box 627

London SW1H 0QG

TRUST STAFF

T. W. Williams Social Worker

P. Le Sage Secretary

F. Hassan Clerical Officer

BANKERS

National Westminster Bank plc

62 Victoria Street

London SW1E 6QE

SOLICITORS

Paisner & Co.

Bouverie House

154 Fleet Street

London EC4A 2DQ

AUDITORS

Dodson Lifford Hall

87 Pickwick Road

Corsham

Wiltshire SN13 9BY

REGISTERED CHARITY NUMBER 298863

CHAIRMAN'S STATEMENT

The Trust has now been established for five years and in each Annual Report so far we have been able to refer to the substantial progress made in meeting the needs of those who look to us for help. This Report shows that progress has continued, with some refinements of procedures and some small but significant administrative improvements.

It is gratifying to be able to record that, in addition to the consolidation of our organisation, the financial position of the Trust has been strengthened by a further grant of five million pounds from Her Majesty's Government. We express our gratitude to the Secretary of State and all concerned for their continuing interest in the work of the Trust and in particular for their replenishing our funds in this way.

Once again, I pay tribute to my fellow Trustees for their unfailing support and wise counsel and at the same time to Wing Commander John Williams and all members of the staff for their diligence in conducting the administration of the Trust. We know ourselves to be specially favoured in receiving such dedicated service.

We believe that sure foundations have been established for the work of the Trust and that we are well equipped to fulfil the task entrusted to us.

GRO-C

The Reverend Prebendary Alan Tanner
Chairman of Trustees

TRUSTEES' REPORT

This is the fifth Annual Report issued by the Macfarlane Trust, and covers the period from 1st April 1992 to 31st March 1993. A brief statistical summary for the five-year period is added at the end of the Report.

THE WORK OF THE TRUST

The objects of the Trust remain unchanged. Following a major review of policies completed in the previous year, this has been a year of consolidation, and although the Trust operations have been kept under constant review and a full administrative update was achieved in the system of regular payments, no major changes have been made in policies.

The main concern of the Trustees for the year was to obtain assurance of future funding so that no emergency changes of policy would be forced on the Trust by dwindling resources. As recorded in our previous Report, following a meeting with the Department of Health in March the Government had promised a review later in 1992.

A meeting was held on 18th November 1992 between representatives of the Trust and officials of the Department of Health. In advance of this meeting a full summary of Trust Statistics and of past and forecast expenditures was provided to the Department. The Trust case was received sympathetically and the representatives left with the assurance of a positive response.

On 30th March a draft for £5 Million pounds was paid into the Trust account. Significantly in writing to notify the Chairman of this new payment a further assurance was given that the Government would again review the Trust needs in three years' time.

On behalf of the Trust and those it represents, the Trustees record their thanks to Her Majesty's Government for this renewed support.

During the year a further four people registered with the Trust bringing the total to 1,235. Also three wives and partners were confirmed as HIV positive bringing the total to 41. Sadly we report that 81 registered persons and three wives have died during the year.

Financial Assistance

During the year the system of regular payments was restructured to make it easier to understand and administer, and to iron out some minor anomalies which had developed in the original system. At the same time the amounts paid were put on a monthly rather than weekly basis to make twelve equal payments each year. In parallel a change was made to a more reliable method of making the payments through the Bank Automatic Credit System. A total of £1,472,368 was paid out in this way and at the end of the year 905 people were receiving payment at an overall annual rate of £1,468,000. In addition 858 payments were made of the Winter Supplement of £475 for extra heating, clothing and dietary needs from November through to February, a total of £407,550.

During the year 376 single grants were made of sums varying from £25 to £2,645 and these were almost entirely to deal with needs directly connected with sickness or bereavement. The grants total of £231,982 was approximately one-third less than the previous year. This reduction was largely the result of the earlier change of policy when it was decided that to concentrate expenditure on regular rather than single payments made for a fairer system.

The ex-gratia (1990) Special Payment

The Trustees of the Macfarlane Special Payments Trust made a final report to the Secretary of State for Health covering the period to 31st December 1992. At that date 2½ of the possible 1,235 payments had not been made because next-of-kin could not be traced. The Trust holds no further funds and is held in a dormant state to be reactivated if the need is justified.

The Settlement (1991) Payment

At 31st March 1993 just four of the known possible payments remained uncompleted, and all of these were in the hands of the Government Departments, for consideration under the discretionary powers of a Secretary of State. The Trustees of the Macfarlane Special Payments (No. 2) Trust expect that this Trust will shortly also become dormant but will not be wound up before 1999 as further eligibility (particularly for payments in category 5, infected intimates) could arise.

Advice and Guidance

The information and advice system has been maintained and improved. In two areas in particular notable successes should be recorded. These concern obtaining Income Support for students, both at school and at college, and helping people to obtain mortgages.

As part of the ongoing programme to identify and anticipate the needs of people registered with the Trust and to maximise the take up of statutory benefits a census form has recently been sent out to obtain an update of personal information on people registered. Returns are still coming back and it is expected that when this process is complete and the information analysed it will be a further help towards providing an effective service.

Five Newsletters and two Special Leaflets (one on State Benefits and one on Motability Cars) were circulated during the year as part of the information programme.

The Haemophilia Society

On two occasions there have been meetings between Trustees and members of the Executive Committee of the Haemophilia Society for informal discussion and exchange of views. These meetings provide valuable extra feedback to the Trustees on the work of the Trust. Regular meetings are also held between the executive staffs.

TRUSTEES

There has been no change of Trustees during the year.

STAFF

In September our assistant Social Worker, Sue Turner, left the Trust to return to College to complete her professional training. We are pleased to record here the Trustees' thanks to Ms Turner for her three years of dedicated service to the Trust.

In October Wendy Mathews, one of our two secretaries, decided to move on after nearly two years with the Trust. She left in November and we record our thanks for her valuable service to the Trust.

Filling these two posts satisfactorily proved more difficult than expected and a false start was made with each. In the meantime the core team of Patricia Le Sage, Tudur Williams and John Williams managed to ensure that the Trust activities did not suffer and we record our thanks for their efforts in dealing with this period of turmoil.

In February Ms Funmi Hassan joined the staff as a Clerical Officer and we welcome her to the appointment. At the time of the report the second Secretary post has not been refilled while a review is made of future staff requirements.

THE EILEEN TRUST

In 1992 the Government announced a scheme of compensation to people infected with HIV through blood or tissue transfer, similar to that provided to people with haemophilia through the Macfarlane Trusts. This scheme was to include a welfare support charity and as it transpired that this would be looking after a relatively small group of people, a separate office and staff did not appear viable. The Department of Health therefore asked whether the new Trust could be run from the Macfarlane Trust office and by the Macfarlane Trust staff. After consideration of the various issues and consultation with the Haemophilia Society the Trustees have agreed to this, subject to safeguards to ensure that the objects and functions of the Macfarlane Trust do not suffer.

The new Eileen Trust was formed on 29th March 1993 and received its first grant from the Government on the 30th. This will be an independent Trust but to avoid any conflict of interest and to help ensure comparability of treatment of the two communities three of the five Trustees of the Eileen Trust have been appointed from Trustees of the Macfarlane Trust.

Detailed arrangements for the provision of office and management service to the new Trust have not yet been approved.

FINANCIAL REVIEW

ACCOUNTS

The Accounts that follow cover the fifth financial year of the Trust, ending 31st March 1993. As in previous years the fund used to meet the needs of beneficiaries (Trust Fund) is presented separately from the fund used to meet administrative expenses (Management Fund).

The sum of £2,111,900 paid out to beneficiaries was a small decrease (3.6%) on the previous year but in 'per capita' terms it was an increase. Lower revenue from the reducing capital resulted in an excess of expenditure over income of £1,577,995, which was again an increase over the previous year (8%).

This acceptance of loss of capital is a continuance of Trustees' policy of previous years in recognition that the first responsibility is to meet the needs of the community served. This policy was endorsed by the Government in providing the new grant of £5 Million to replenish the reduced capital.

PAYMENTS

Payments continued in the same manner as in the previous year, maintaining the greater emphasis on regular payments.

Regular Payments

A total of £1,472,368 was paid during the year. At the end of the financial year 905 people were receiving regular payments at an annual rate of £1,468,000.

Single Grants

A total of £231,982 was paid out in 376 grants. Both the sum and the number of grants were a considerable decrease compared with the previous year, in line with the Trustees' policy to transfer support of living costs into the regular payments system.

Winter Payments

The winter payment made in the three previous years to cover extra costs of winter clothing, domestic heating and diet, was repeated for 1992-93. 858 payments of £475 were made, totalling £407,550.

INVESTMENTS

The Trustees continued their policy of holding a major part of the Trust Fund in Government Stock with the balance held in shorter term Sterling Deposits providing the necessary liquidity. During the year the rapid descent in interest rates value meant that the yield on the stock, averaging 11.32% on book value and 11.8% on market value, was considerably better than that available from Sterling Deposits.

Nevertheless since the 13¼ % Exchequer 1996 Stock would very soon begin to revert to its nominal value, the option was taken in October 1992 to liquidate the remaining £1 Million (nominal) of this Stock at a value just above its original cost. With interest rates remaining low the value of the remaining Stock continues high, and close to its book value. Yield on the liquid funds on Sterling Deposit inevitably fell through the year. Nevertheless overall the income (including capital gain) on the average fund level for the year showed a yield of approximately 10.6%.

FUTURE FINANCIAL POLICY

Investment

With the reducing assets over the successive years and the limited Stockholding for the last two years investment policy has been justifiably static over the past three years and there has been no scope for transfer of liquid assets into long or even mid-term investment.

With the injection of £5 Million of new capital bringing the Trust Fund back to over £9 Million at the end of a year of many changes in the investment environment, this situation has now radically changed and the Trust can again consider medium to even longer term investment.

A full review is therefore in hand of investment policy and the means of managing it.

Expenditure

The further Government grant was in recognition of the Trust's case for the need to be able to maintain levels of assistance rather than to make any deliberate increases. It is therefore likely that expenditure in the coming year will not differ considerably from that covered by this Report.

ADMINISTRATIVE EXPENDITURE

The Department of Health again funded the administration of the Trust through a Section 64 grant of £165,000. This was the full amount requested based on the budget forecast in September 1991 and was the only revenue for the year since no further charges were made on either of the Special Payments Trusts.

The under-expenditure compared to forecast was mainly due to reduced salary costs (£7,656) during temporary loss of staff, under implementation of the planned VSW programme (£9,935) and the lack of requirement for legal costs during the year (£5,500). All other over- or under-spending on particular vote headings was of a minor nature.

The excess grant of £22,910 will be repayable.

AUDIT

The Auditors have certified that the financial statements give a true and fair view of the status of the Trust affairs at 31st March 1993.

CONCLUSION

The time of this Report is in many ways a watershed in the affairs of the Trust.

Affairs in the first year of the Trust were conducted on an ad hoc basis dealing with the semi-crisis situation of a backlog of demand to meet an almost universal degree of stress, distress and deprivation. Through the early years we strove to build up a set of policies which were consistent, explainable and sustainable. Years three and four were considerably complicated by the demands of two Special Payments Trusts and in this fifth year we have been able to return to the process of consolidating the work of the Trust.

Throughout this period the Trustees have maintained their original policy of attempting to deal with need as it was identified even when this involved expenditure of capital. This policy relied on the assurances given by the Government from time to time that the further needs of the Trust would be kept under review.

Summaries of the first five years' expenditure are shown on page 12.

At the outset there had been many who expected and not a few who seriously advised that the original grant of £10 Million should be shared and distributed to all who registered. Although this was never a possibility within the terms of the Trust Deed, events now show how ineffective this would have been. A total of £9,828,472, equal almost to the original grant, has now been distributed not in equal sums of a little over £8,000 but in amounts varying from over £25,000 (where a partner was also infected) down to nothing (where nothing has been requested). Whilst no-one would claim that the result is perfect it is clearly much closer to the objective of dealing with need.

Moreover, since we have been able to satisfy the Government that the Trust policies represented a fair balance between dealing with need and good husbandry of Trust resources they have now seen fit to make a new major grant of funds which restores the fund to 92% of its original value.

Thus we are now able to continue the Trust's activities from a point where financially we are almost back to where we started, but without the backlog of need which met the Trust at its beginning. Although numbers have been reduced by the deaths we have reported it is clear that the task of the Trust will continue for a considerable number of years. With established procedures based on five years' experience we are unlikely to make any rapid changes but with renewed confidence we can continue to ensure that the Trust fulfils the objects set down for us in the Deed.

REPORT OF THE AUDITORS TO THE TRUSTEES OF THE MACFARLANE TRUST

We have audited the financial statements on pages 8 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Trust's affairs at 31st March 1993 and of the income and expenditure for the year then ended and have been properly prepared in accordance with the terms of the Trust Deed.

DODSON LIFFORD HALL

21st May 1993

TRUST FUND

BALANCE SHEET AS AT 31st MARCH 1993

	Note	1993 £	1992 £
CURRENT ASSETS			
Investments	2	4,225,960	5,795,947
Cash at Bank	3	<u>5,003,579</u>	<u>20,486</u>
		9,229,539	5,816,433
CURRENT LIABILITIES			
Payment due to Management Account		<u>—</u>	<u>8,899</u>
		<u>£9,229,539</u>	<u>£5,807,534</u>
REPRESENTED BY:			
Trust Fund	4	<u>£9,229,539</u>	<u>£5,807,534</u>

Signed
A J TANNER
C H GRINSTED
18th May 1993

TRUSTEES

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1993

	Note	1993 £	1992 £
INCOME			
Loan Stock Interest		291,250	516,500
Property		—	2,876
Bank Deposit Interest		7,662	8,149
Money Market Interest		216,316	211,907
Interest from Other Sources	5	401	186
Donations		—	75
Transfer from Management fund		<u>—</u>	<u>1,101</u>
		515,629	740,794
Gain/(Loss) on Sale of Stock	6	<u>18,275</u>	<u>(10,507)</u>
		533,904	730,287
DIRECT CHARITABLE EXPENDITURE			
Grants Paid	7	231,981	376,318
Special Winter Payments	8	407,550	421,820
Regular Payments	9	<u>1,472,368</u>	<u>1,392,627</u>
		2,111,899	2,190,765
EXCESS OF EXPENDITURE OVER INCOME		<u>£(1,577,995)</u>	<u>£(1,460,478)</u>

The notes on pages 10 to 11 form part of these accounts.

MANAGEMENT FUND

BALANCE SHEET AS AT 31st MARCH 1993

	Note	1993		1992	
		£	£	£	£
CURRENT ASSETS					
Cash at Bank		22,910		868	
Balance due from Trust Fund		<u>—</u>		<u>8,899</u>	
			22,910		9,767
CURRENT LIABILITIES					
Returnable Section 64 Grant			<u>(22,910)</u>		<u>(9,767)</u>
Represented by Management Fund			<u>—</u>		<u>—</u>

(Signed)

A J TANNER

TRUSTEES

C H GRINSTED

18th May 1993

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 1993

	Note	1993		1992	
		£	£	£	£
INCOME					
Grants Received—DH (S64 HPSSA 1968)			165,000		135,635
The Macfarlane (Special Payments) Trusts			<u>—</u>		<u>26,950</u>
			165,000		162,585
EXPENDITURE					
Salaries	10	75,674		83,474	
Staff recruitment and training	11	1,670		900	
Travel and subsistence		3,702		4,286	
Rent and rates		32,766		32,773	
Premises maintenance		3,398		3,766	
Insurance		196		146	
Telephone and fax		2,606		2,657	
Equipment and furniture — Purchases	12	1,123		2,344	
Equipment servicing contracts		1,223		1,523	
Equipment leasing		5,156		4,453	
Printing		1,940		2,009	
Stationery and publications		2,394		3,091	
Postage		3,858		4,068	
Legal and professional fees		235		384	
Audit and accountancy		1,883		1,939	
General expenses		260		303	
Bank charges	13	<u>4,006</u>		<u>4,702</u>	
			142,090		152,818
Excess of income over expenditure			22,910		9,767
Returnable Section 64 Grant			<u>(22,910)</u>		<u>(9,767)</u>
			<u>—</u>		<u>—</u>

The notes on pages 10 to 11 form part of these accounts.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1993

1 ACCOUNTING POLICIES

- a) Accounting Convention
The accounts have been prepared under the historical cost convention.
- b) Accounting Basis
The accounts have been prepared on the basis of payments and receipts in the year and not on an accruals basis.
- c) Property Investment
Where this is the only means of maintaining adequate housing for persons registered, the Trustees may give an interest free loan in return for a percentage share in the equity of the property. At 31st March 1993 one such loan existed. This is not a revenue earning investment.

2. INVESTMENTS (see page 11)

3. CASH AT BANK

A £5,000,000 payment was sent to the bank by the Department of Health on 30th March which did not allow time for reinvestment before 31st March.

4. TRUST FUND

	1993 £	1992 £
At beginning of financial year	5,807,534	7,268,012
Excess of expenditure over income	(1,577,995)	(1,460,478)
New Government Payment	5,000,000	—
	<u>£9,229,539</u>	<u>£5,807,534</u>

5. INTEREST FROM OTHER SOURCES

In certain circumstances the Trust makes a surety deposit with the charity Motability on behalf of individuals registered. These deposits are repaid with interest.

6. SALE OF STOCK

The remainder of the 1996 Stock was sold cum dividend on 7th October 1992. The yield was £18,275 above the original purchase price.

7. GRANTS

A total of £231,981 was made up of 376 grants for amounts varying from £25 to £2,645.

8. WINTER PAYMENTS

The special payments to cover costs of winter clothing and domestic heating, first paid in 1989-90, were repeated at the sum of £475 per person.

9. REGULAR PAYMENTS

The number of persons receiving regular payments has fallen to 905 but represents an increased percentage of those eligible. The total of £1,472,368 reflects the continued emphasis on these payments relative to single grants. At 31st March 1993 the ongoing commitment to regular payments was at the rate of £1,468,000 per annum. (1992 — £1,358,000).

10. SALARIES

The reduced salaries' expenditure was due to two posts remaining empty for part of the year, the Administrator changing to nine-tenths working time and salary, and the under utilisation of the Visiting Social Worker programme. Also in the previous year a bonus had been paid for the extra work on the Special Payments Trusts,

11. STAFF RECRUITMENT AND TRAINING

Four staff have left during the year. Two departures were after very short periods of service and only one of these two posts has been successfully filled.

12. FIXED ASSETS

Fixtures and Fittings and Office Equipment are written off in the year of acquisition.

13. BANK CHARGES

Routine bank charges were £885. The remaining £3,121 was the cost of making the regular payments through the bank Automated Credit System (BACS).

14. APPROVAL

The accounts were approved by the Trustees on 18th May 1993.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 1993

2 INVESTMENTS

Capital Quoted Securities

	Cost £	DISPOSAL Proceeds £	Gain £	BALANCE at 31.3.93 Cost £	Market Value £	Income £
£1,500,000 15% Exchequer Stock 1997	1,985,960	—	—	1,985,960	1,961,250	225,000
£1,000,000 13¼% Exchequer Stock 1996	1,169,987	1,188,262	18,275	—	—	66,250
	<u>3,155,947</u>	<u>1,188,262</u>	<u>18,275</u>	<u>1,985,960</u>	<u>1,961,250</u>	<u>291,250</u>

Property (see note 1c)
Equity share in property at 31.3.1993

50,000
NIL

Sterling Money Deposits

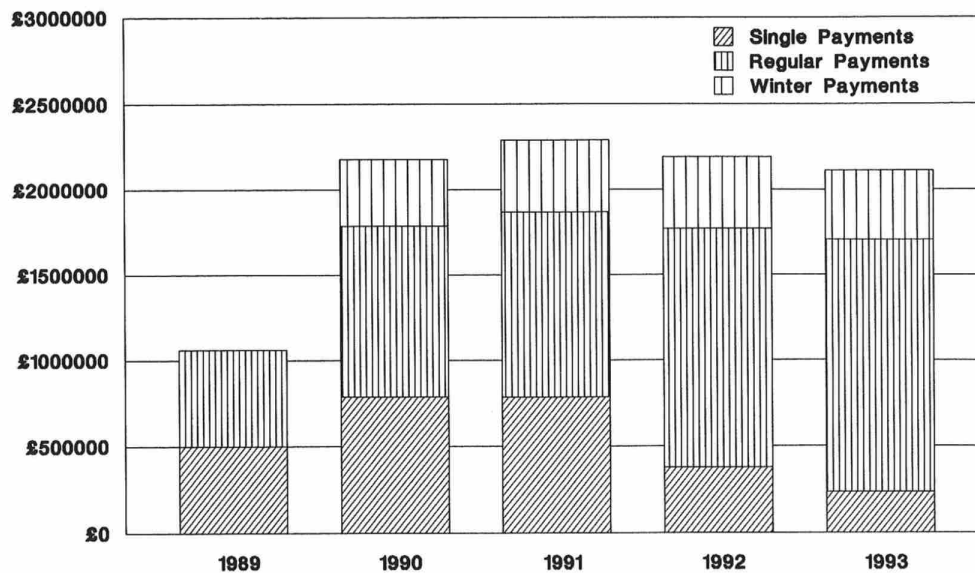
Short Term: Maturing 15th April 1993
Maturing 27th April 1993
Maturing 7th May 1993

£
190,000
1,000,000
1,000,000

2,190,000
£4,225,960

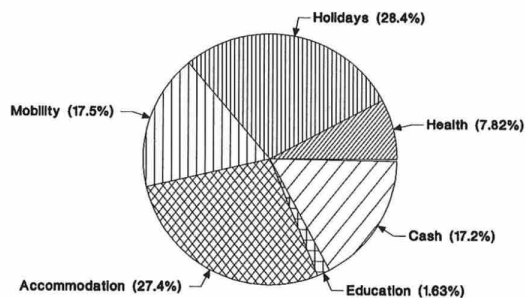
Annual Payments

Year ending 31st March

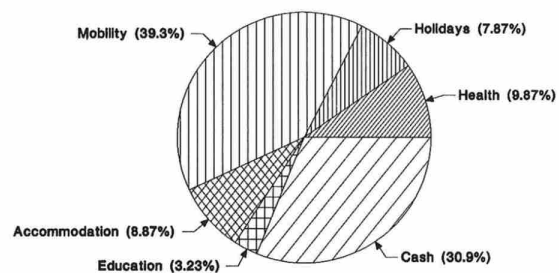


Distribution of Grants by Type

Five year summary



1992/93



Number of people registered	— 1235
Age bracket at 31 March 93	— 8 to 75
Number who have received financial help	— 1150 (93.12%)
Number of infected partners	— 41

THE HELPLINE

Tel: 071-233 0342

This phone is answered in office hours (normally 9am to 5pm).
At all other times this line is on an answer-machine and calls are returned as quickly as possible.