

Private and Confidential

THE MACFARLANE TRUST

Minutes of the meeting held on Monday 31 July 2017

PART B

906.17 Minutes of Previous Meeting

The minutes of the meeting held on 15 May 2017 were agreed as a correct record.

907.17 Matters Arising

There were no matters arising.

908.17 Future of the Macfarlane Trust

The board received a paper from the Chief Executive regarding two key issues which the MFT board needed to resolve in relation to the transfer to BSA and the winding up of the charity: the use of remaining reserves and the approach to outstanding loans. James Sinclair Taylor from Russell-Cooke solicitors had provided legal advice in relation to possible options.

Based on the figures in the 2016/17 annual accounts, and the projected income and expenditure and cash flow position until the end of September 2017, it had been calculated that MFT was likely to have liquid reserves of approximately £1.4 million as at the end of September.

The four options for using the reserves post-transfer were outlined as follows:

- Option 1 – distribution to beneficiaries through a targeted, time-limited grants programme administered by MFT, at the end of which the Trust would be wound up
- Option 2 - distribution to beneficiaries through a targeted, time-limited grants programme administered by a third party; the Trust would be wound up following the transfer of reserves to this third party
- Option 3 – to continue to run the Trust, refocussing its work and using the reserves as an endowment fund, using the income and perhaps the capital over a fixed period of time, possibly many years
- Option 4 – merger with another appropriately-focussed charity

The board discussed the various options and whether it would be possible to identify the gaps in support when BSA took over as the scheme administrator. As DH had yet to provide clarity on what the discretionary element of the new scheme would consist of, it was not possible to do this. Board members acknowledged that higher administration costs might be incurred if MFT disbursed the remaining reserves itself, compared with giving them to a third party to disburse, possibly with a member of staff, assuming someone was prepared to transfer. However, after discussion it was agreed to pursue the first option, of distributing the bulk of the reserves through a targeted, time-limited grants programme administered by MFT. Following this, any remaining reserves would be given to a third party charity for distribution in line with fixed criteria.

It was noted that the Alliance House lease, currently held in Caxton's name, was due to expire at the end of February 2019. It was envisaged that the grants programme could be run and the organisation finally wound up within this timeframe, assuming the timetable for the transfer to BSA did not slip.

In order to test whether this option was feasible, it was agreed that JB would prepare costings to present to an additional board meeting on Monday 11 September 2017 at 2pm.

With regard to beneficiary loans and advances, the board received a schedule of loans and advances outstanding at 30 June 2017.

In relation to advances, it was noted that £6,123.50 would be outstanding from seven beneficiaries as at 1 October 2017. As of the date of the transfer to BSA, MFT would no longer be making discretionary top-up payments from which the monthly advances could be repaid, and as a result, the board agreed to write off these advances at the time of the transfer to BSA.

In relation to loans, it was noted that 12 were outstanding, all but one of which were secured against the respective beneficiary's property, and which would become repayable when the beneficiary sold the property or passed away. As such, these loans were considered assets. It was noted that any loans which had not been repaid at such time as the Trust was finally wound up could be assigned to a third party. The loans could be transferred on condition that they could not be written off, the third party would receive the money on repayment, and conditions could be placed on the disbursement of these funds.

With regard to the one unsecured loan of £8,310, it was noted that the wording of the loan letter included repayment terms which were subjective and which the beneficiary could use to avoid repaying the loan.

Following discussion it was agreed that the unsecured loan should be written off at the time of the transfer, but that all secured loans not repaid at that time should be transferred to a third party along with any remaining reserves at that time, assuming that it was possible to pursue this course of action in relation to reserves.

909.17 Any other confidential business

There was no other confidential business.

Additional information regarding item 898.17, Government Reforms:

Scheme administrator

JB advised that there had been few developments with regard to the transfer to BSA since the last board meeting in May 2017. DH had written to the Alliance House Chairs on 14 June 2017 confirming a transfer date of 2 October 2017, and also stating that BSA intended to operate the new scheme from the Alliance House offices until the expiry of the lease in February 2017; a copy of the letter had been distributed to board members. Following legal advice it had emerged that it would not be possible for BSA to take over the Alliance House lease (which was in Caxton's name) as the lease could not be assigned to another organisation which was not a charity without Charity Commission approval. The existing organisations would also still need a base and a

skeleton staff until they were finally wound up. BSA were now aware of this and had undertaken to find suitable alternative premises in London until February 2019.

JB had heard informally through the Devolved Administrations that the tax and benefits waiver letters would not be finalised until 23 October 2017 at the earliest, which could delay the transfer date, but this had not been confirmed.

APPG meeting

AM advised the board that he and the Chairs of the other Alliance House organisations had attended an APPG meeting on 12 July 2017. No MFT beneficiaries had raised any issues at the meeting. AM understood that the APPG was intending to convene another meeting soon after the summer recess.