



THE CAXTON FOUNDATION

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30 November 2017

Ailsa Wight
Deputy Director
Emergency Preparedness and Health Protection Policy Directorate
Department of Health
39 Victoria Street
London SW1H 0EU

Dear Ailsa

Future of the Alliance House organisations

I am writing on behalf of the five Alliance House organisations – the Macfarlane Trust, the Eileen Trust, the Skipton Fund, MFET and the Caxton Foundation – with regard to the immediate future and winding up of the organisations. It is intended that this letter should also address, where possible, the questions raised in Ginny Belson's email to me of 13 November 2017.

Timeframes

The legal advice that we have received indicates that it is likely to take up to 6 months to wind up the Alliance House organisations following the transfer to the new scheme administrators in England, Wales and Northern Ireland. I am aware that you discussed with Peter Stevens, Chair of the Skipton Fund, DH's wish to have the Skipton Fund wound up by the end of March 2018. At this stage we are therefore intending to wind up the Skipton Fund and MFET by the end of March 2018, and the Eileen Trust and the Caxton Foundation by the end of April 2018. In general terms it is easier to wind up companies than charities, but nonetheless the Chairs and I would like to make you aware that any timetable we give you may be subject to change, depending on many factors, such as the extent to which the Charity Commission decides to become involved in the matter of three sister charities being forced to close.

You are aware from discussions with Alasdair Murray that the Macfarlane Trust intends to run down its reserves before it winds up. The board has decided to do this by running a one-off, time-limited grants programme where it will fund grants related to specialist health-related equipment and health and mobility related adaptations and improvements to property. It plans to do this between December 2017 and October 2018, following which it intends to wind up before the end of February 2019, when the lease on Alliance House expires.

The winding up timetable is also influenced by the timing of the final audits. We have discussed this with our auditors. We propose to bring forward the financial year end for the Eileen Trust, the Skipton Fund, MFET and the Caxton Foundation to 31 January 2018 and audit the accounts for the period from 1 April 2017-31 January 2018. The audits would be carried out in February/March 2018. The turnover for the period after 31 January 2018 will be below the threshold required for audit, and we will therefore simply provide unaudited figures for the remaining months. Given that the Macfarlane Trust will continue until February 2019, we will carry out an annual audit in the usual way after the 31 March 2018

www.caxtonfoundation.org.uk
Registered Charity Number 1142529

MACF0000061_012_0001



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financial year end, and then approach the final audit for MFT for 2018/19 in a similar way to that for the organisations that we intend to close in March/April 2018. **It would be helpful if you would confirm that the Department of Health does not object to the final audits being approached in this way.**

The provisional timetable for the winding up of the five organisations is therefore as follows:

Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19
Skipton winding up															
MFET Ltd winding up															
Caxton winding up															
Eileen Trust winding up															
MFT grants programme											MFT winding up				

You should be aware that the proposed winding up dates relate to the dates at which it is expected that paid staff will no longer be required. However, the legal process to finally close the organisations may take longer than this. For example, before an application can be made for a company to be struck off the Register of Companies, it must exist for **three months** without engaging in any activity other than that associated with proceeding with the striking off application. Once the application has been made, Companies House will publish the striking off application in the Gazette for two months before the company can actually be struck off. The process with the Charity Commission can take even longer.

Budgets

We have discussed with you previously that the Department, as the original founder and sole funder of the organisations, will need to continue to fund the running costs of the Alliance House organisations until they close.

We have drawn up a budget for the period from 1 November 2017-30 April 2018 based on the timetable that we are working to at the current time. The budget is broken down into SDP costs and management costs for each of the five organisations up to the end of April 2018:

	Caxton	MFT	Skipton	MFET	ET	Total
	£	£	£	£	£	£
SDP	89,934	95,167	55,403	22,191	8,290	270,985
Management costs	44,200	40,400	38,650	14,850	12,450	150,550
Total	134,134	135,567	94,053	37,041	20,740	421,535

There are a number of important assumptions in this budget to be aware of:

- The figures assume that MFET and the Skipton Fund will close by the end of March 2018, the Caxton Foundation and the Eileen Trust by the end of April 2018. However, any changes to the timetable – many of which are likely to be beyond our control – will affect the funding required from DH.



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- Premises costs include full liability for the remainder of the lease which will expire at the end of February 2019. DH's decision to transfer beneficiary support to BSA came after the point when we could invoke the break clause.
- The cost of dilapidations is still to be confirmed by the landlord. It is typical to anticipate 20% of the annual cost of the lease, but at this stage we have allowed for 30% to take into account the length of time the organisations have occupied the premises.
- The cost of the 2017/18 insurances, for which the premiums had to be renewed on 1.10.17, has been accounted for in October 2017, without the need to accrue into future months. However, we need to take advice from our insurers regarding the necessity for insurances we are required to continue beyond the closure of the organisations, eg indemnity insurances to cover any legal action which could be taken for a number of years after closure/winding up. The costs in this regard could therefore be higher.
- There are legal requirements to retain eg financial records for a number of years after closure/winding up. The costs of such storage are still to be confirmed and are therefore not included in the budget at this stage.

Data transfer

We are continuing to transfer data to BSA and the other UK scheme administrators where consent has been received after 31 October 2017. Where we need to transfer records such as applications to the Skipton Fund received after 31 October 2017, this is being done through a courier service organised by BSA.

Following legal advice, we are not intending to transfer any paper files to BSA or the other UK scheme administrators. We have been advised that the data is the property of the respective organisations and the trustees/directors will continue to be liable after the organisations are wound up. We are legally obliged to retain different classes of records for specified times, eg finance records for 6 years. We will therefore need to purchase, before winding up, secure storage with instructions for files to be destroyed on pre-determined dates.

Neither BSA nor DH will be able to access non-transferred data, as without consent from the living beneficiary, or the estate executor in the case of the deceased, we are unable to release this information to third parties. The GDPR which comes into effect next year places an even more rigorous requirement on us in this regard. As we have discussed on many occasions, one of the consequences of the decision to transfer the service provision to BSA is that many records will no longer be able to be accessed.

Other

Only the Macfarlane Trust has made loans to beneficiaries. The Trust will continue to exist until February 2019, and there is still a series of legal and administrative hurdles before taking a final decision. However, it is likely that they will be assigned to another Third Sector organisation so that when the loans are eventually repaid, the funds received can be used for the benefit of the Trust's beneficiary community. **Please note that this information is not in the public domain; we will write to the small number of beneficiaries affected when a decision has formally been made.**



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The Macfarlane Trust, the Skipton Fund and the Caxton Foundation are the only three Alliance House organisations with websites. They will remain open until the organisations close. However, we have already disabled the links to all pages as they are no longer relevant, and have put a statement on the home pages confirming that the relevant Alliance House organisation will no longer provide support from 1 November and referring people on to the relevant organisation in each of the four UK countries.

The phone lines will also remain open until the organisations close.

I look forward to receiving your response.

Yours sincerely

GRO-C

Jan Barlow
Chief Executive