

Consolidated Grants Oct - Dec 2011

Types of Requests		Requested	Agreed	Declined	Deferred
8	Accommodation	£33,387.25	£8,215.20	£23,840.85	£5,831.20 ¹
8	Education	£16,887.50	£5,716.67	£11,170.83	£0.00
11	Financial	£38,230.14	£930.00	£11,663.39	£25,636.75
4	Health	£8,935.83	£300.00	£8,635.83	£0.00
2	Mobility	£1,992.00	£1,622.00	£370.00	£0.00
3	Living Conditions	£300.00	£5,500.00	£0.00	£300.00 ²
0	Stress	£0.00	£1,000.00	£0.00	£0.00 ³
2	Loans	£5,000.00	£10,000.00	£5,000.00	£0.00 ⁴
2	Honeycombe	£761.13	£762.50	£0.00	-£1.37 ⁵
40		£105,493.85	£34,046.37	£60,680.90	£31,766.58

Note 1 £4,500 was agreed for a replacement boiler and windows with an unspecified amount in October 2011.

Note 2 £5,000 was agreed for white goods with an unspecified amount in October 2011.

£500 was agreed for clothing with an unspecified amount in October 2011.

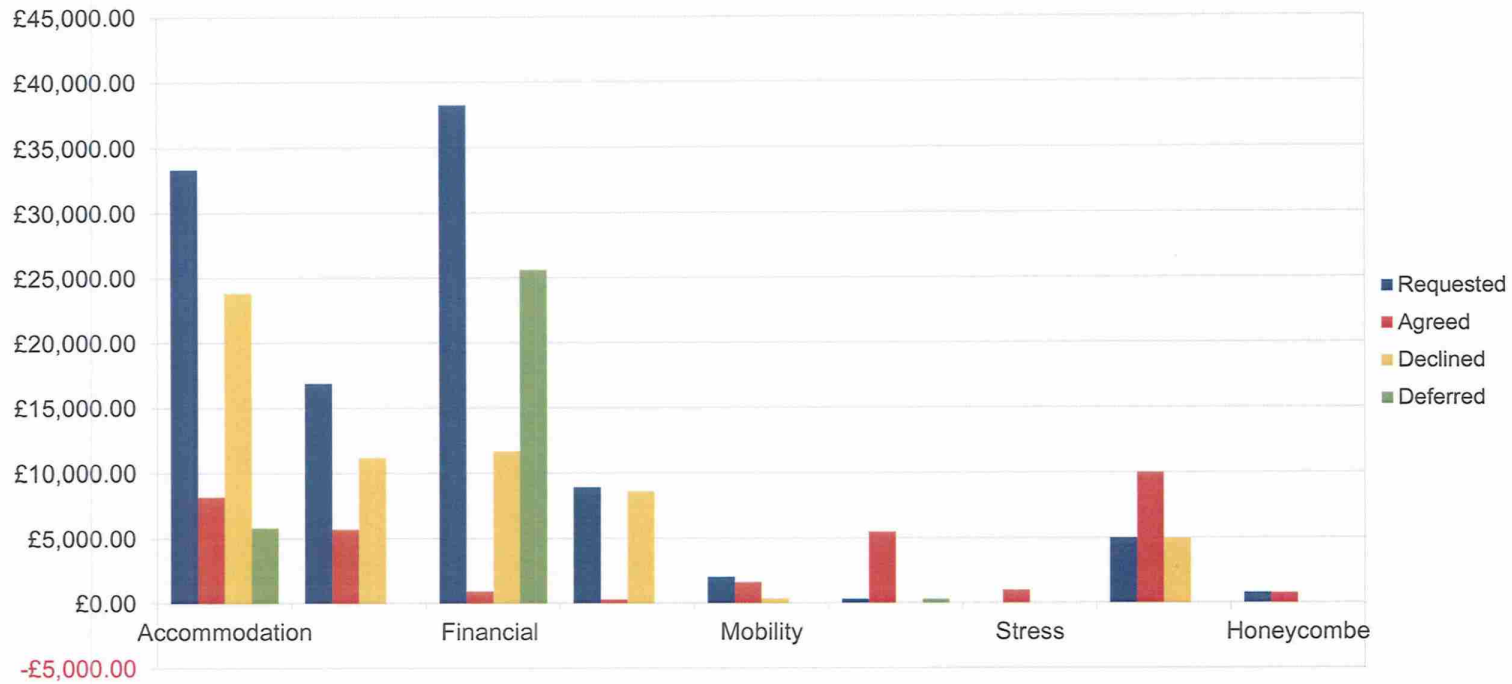
Note 3 £1,000 was agreed for a respite break for a carer with an unspecified amount in November 2011.

Note 4 A request for £5,000 towards a conservatory was declined and a loan of £10,000 was agreed in December 2011.

Note 5 £500 was agreed for air fare where the requested amount was £498.63 in November 2011.

Agenda Item 530.12 (1)

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Gillian Brown

From: Rosamund Riley <roz@[REDACTED] GRO-C>
Sent: 02 November 2011 17:24
To: Martin Harvey; 'Gillian Brown'
Subject: TBM Agenda Item

Dear Martin/Gillian

In the past, the NSSC have agreed that financial assistance should be given to parent/carers of deceased primary beneficiaries under the Widow's Policy. However, as we do not seem to have a formal agreement, they have asked that this be added to the agenda for the next Trustees Board Meeting for discussion/agreement.

Martin – please note that we have set a precedent as we already pay a parent/carer under this policy.

Thank you,



Rosamund Riley
Support Services Manager
Direct Dial: [REDACTED] GRO-C
E-mail: roz@[REDACTED] GRO-C

The Macfarlane Trust

Background to the "Reserves"

1. The "Reserves" of The Macfarlane Trust ("the Trust") comprise its portfolio of "Investments", stated on its Balance sheet for the year ended 31 March 2011 at £4,082,911.
2. The remaining net assets on the Balance Sheet comprise, principally, sums due in respect of loans to beneficiaries and shared equity interests in domestic properties owned by beneficiaries, plus cash held awaiting disbursement to beneficiaries (since disbursed) and to cover short term operational requirements.
3. The Trust is required by the Charity Commission to maintain a level of financial reserves which is adequate in the context of its anticipated funding to secure the implementation of its policies for the support of its beneficiaries.
4. It was therefore agreed with the Department at a time when continuing funding was unpredictable and irregular that the Trust should have a policy of maintaining a minimum level of reserves.
5. The imbalance between the reliance of its beneficiaries on the security of payments from the Trust and, on the other hand, the uncertainty of the Trust's continuing funding from the Department led the Trustees over time to build up a portfolio of financial reserves which 31 March 2006 was roughly equal to one year's expenditure by way of charitable disbursements plus a provision for managements costs. Apart from a 20% fall in 2007/08 compensated by a 20% rise in 2008/09, the level of the Reserves has changed very little since 2006.
6. 97% of all funding received from the Department by the Trust over the 23 years since its inception has been disbursed by way of charitable payments to beneficiaries. The balance of 3% (some £1.4 million) has gone towards funding the costs of administering the Trust over those 23 years.
7. It is clear, therefore, that the Trust's Reserves have been built over time to their current level **not** by continuing retentions from the funding received from the Department but rather by the effective financial management of a portfolio of investments which has also actually provided the means to cover the greater part of the total costs of administering the Trust since its inception.

8. The level of the Trust's Reserves has been disclosed to the Department every year, together with details of the Trustees' reserves policy, in the Trust's Annual Financial Report, copies of which have been provided promptly to the Department.
9. It was only in 2008/9 that the Department felt able to provide the Trustees with sufficient assurances regarding the security of its continuing funding to make it proper for them to adopt a new reserves policy. That was to move over time toward a level roughly equal to six (rather than 12) months' cover of total expenditure, both of charitable disbursements and administration costs.
10. Since May 2009, with the publication of the then Government's Response to Lord Archer's Inquiry Report, much the greater part of the Government's funding for the support of the Trust's infected beneficiaries has taken the form of committed, and therefore non-discretionary, payments of a minimum amount.
11. In January 2011 the Coalition Government announced its commitment to adjust those payments annually in line with the Consumer Prices Index.
12. The change in emphasis to non-discretionary payments has meant that the funding remaining to the Trust for its discretionary charitable purposes (and to cover its administration costs) has been substantially reduced over the last two years. The level of financial reserves implicit in the Trustees' policy decision in 2008/9 to target a level roughly equal to six months cover of total expenditure has consequently reduced to roughly £1.5 million.
13. The new certainty of reasonably substantial continuing payments to support the Trust's infected beneficiaries, which flows from the Government's commitment not only to make non-discretionary payments to all of them but also to adjust those payments annually for inflation, means that the Trustees are now in a position to make a further alteration to their reserves policy. Notwithstanding the absence of any formal commitment to any particular level of future funding for its discretionary disbursement policies, but relying on the practice adopted by the Department over the last several years, the Trustees are now minded to set a new target level substantially lower than that required by their current policy.

14. The Trustees are required by charity law to expend the resources available to them for their charitable purposes but only after due consideration of the most appropriate means of doing so, balancing the interests of all the Trust's beneficiaries.
15. The process of applying that requirement to the reduction of the Trust's Reserves has taken some time, having been extended initially by the need to develop new policies to provide not only increased discretionary support to non-infected beneficiaries but also further payments to those infected beneficiaries who remain in need. The additional funding for that purpose was not actually received until January 2010.
16. Since the announcement of the Coalition Government's Contaminated Blood Review in October 2010 the Trustees and staff of The Macfarlane Trust have given priority first to ensuring that the Review was fully informed and then to devising and delivering a workable solution to the challenge presented by the Government's announcement at the conclusion of the Review of setting up and administering a new scheme for the support of those infected with hepatitis C, and to do so within the time-frame set by Ministers.
17. The policies described in 15 above having been implemented (and being judged sufficient to ensure that full use of all funding expected to be received for its charitable activities is made on a current and continuing basis) and the new hepatitis C scheme described in 16 above also being operational, the Trustees are now in a position to turn their full attention to the reduction of the Reserves in an accelerated manner but one which is still both timely and consistent with their legal obligations as charitable trustees.
18. The plan proposed in the accompanying paper is planned to reduce the level of the Reserves by at least £3.5 million over 18 months to two years.

CF 11.1.12

PROPOSAL TO REDUCE THE LEVEL OF THE INVESTED RESERVES HELD BY
THE MACFARLANE TRUST

"ADDRESSING THE PRE-ARCHER DEFICIT"

1.0 Background

1.1 This proposal defers to the enclosed supplementary paper "Background to the Reserves" that goes into considerable detail in that respect.

2.0 The Pre-Archer Deficit

2.1 Prior to the Archer Inquiry, MFT was limited to two main channels of disbursement funding. These were calibrated regular payments to the infected community, according to household income, and a range of single grants. In addition, there were winter payments to meet the additional utility costs that arose through the cold weather, which were particularly damaging to those persons with haemophilia who had been infected with the HIV virus.

2.2 Funding settlements provided to MFT have never been capable of enabling the Trustees to provide a comprehensive range of disbursement relief across the whole beneficiary constituency. The Trust, through its various policies in respect of charitable disbursements, treated as primary the needs of the infected community and their families. The bereaved community, widows and parent/carers, had very limited assistance and were certainly not assisted to the degree the Trustees would have liked, because of limited funding.

2.3 It is a sad fact that, in almost all cases, the charitable relief offered by MFT was revenue driven to meet immediate needs. MFT never had sufficient funds to address properly the capital requirements of this damaged community, which are, in the main, necessary repairs or condition-led alterations to property and inherent debt issues. There will be other capital led demands, such as assistance with courses to help our community of care gain qualifications to improve their chances of employment or regaining lost self-confidence. This, in the round, is "the Pre-Archer Deficit".

2.4 The Trust's beneficiary community were and remain unable to find suitable employment that can reasonably accommodate the effects of haemophilia and the erosion to the immune system caused by the HIV virus. In almost all cases, the Trust's infected beneficiary community are co-infected with the Hepatitis C virus; that only exacerbates the deteriorating condition of the individual.

2.5 The aggregate effect of (1) forced reliance upon state benefits and (2) relatively meagre financial support from MFT meant that, when living, the infected beneficiary could not afford to address the capital defects as set out in 2.3. Avenues of credit were not immediately available to those infected and there was a reluctance by many to take on debt, with no possibility of life insurance cover following death, as this would leave the individual's family exposed to high levels of debt.

3.0 Addressing the Pre-Archer Deficit

3.1 The Trustees fully recognise that, to ascertain the extent of the capital requirement necessary to deal with the Pre-Archer Deficit, it will be necessary to conduct a detailed review of individual capital needs. The current annual census form of inquiry is inappropriate to establish the extent of the Pre-Archer Deficit, as defined in this paper.

3.2 The Trustees are proposing to engage a specialist firm to visit, as far as possible, every living infected beneficiary and bereaved family, to ascertain the appropriate level of capital relief required. The Trustees recognise that a full and comprehensive survey of the living environment will have to be prepared before a detailed estimate of cost of the exercise can be ascertained. Initial enquiries suggest that a detailed review along the lines proposed will not cost more than £100,000 which will be fully funded by the Trust.

3.3 The Trustees also recognise that it will take in the region of 18/24 months to complete the exercise nationally. To counter any perception of expenditure "drag", it is proposed that the survey be conducted on a region by region basis and that "need" when assessed will be met utilising, pro-rata, the reserves at a level to be agreed. It is likely that "relief" where established will have a cap other than where there are exceptional circumstances.

3.4 It is estimated that the surplus level of reserves will be fully utilised by the end of 2013/14.

4.0 Conclusion

4.1 This proposal is a first draft to assist the Department of Health in its forward funding budget calculations and to demonstrate how MFT proposes, over a relatively short period of time, to utilise the surplus level in the retained reserve balances.

4.2 This draft proposal has not yet been considered by MFT's Board of Trustees. It is likely the broad thrust of the proposal will remain unchanged but there may be adjustments in the detail.