

## THE EILEEN TRUST

**Minutes of the meeting held on 17 October 2007  
at Alliance House, 12 Caxton Street, London SW1H 0QS.**

<b>PRESENT</b>	Mr P Stevens	(Chairman)
	M/s S Phipps	
	Mr P Spellman	
	Mr R Mishcon	
<b>IN ATTENDANCE (part time)</b>	Ms Susan Daniels	(Case Officer)
	Ms Linda Haigh	(Finance Manager)
	Ms R Riley	(Support Services Manager)
<b>APOLOGIES</b>	Dr M Winter	(Medical Trustee)
	Mr M Harvey	(Secretray)

**07.135** The apologies were noted.

**07.136** **Minutes of the meeting held on 20 June 2007**  
The minutes were approved as a correct record.

**07.137** **Matters Arising from the Minutes**

07.129 – The position was noted. It was agreed that Ms Daniels should be asked whether she was content to remain an employee of the Trust, as determined by HMRC, or whether she wished arrangements to be change in order to enable her to revert to self-employed status. *(After the meeting, Ms Daniels informed the Chairman that she was content with the current position).*

07.132 – The views of PIM were noted.

**07.138** **Secretary's Report**

The report was noted.

The Board discussed the indications of hours spent by MFT staff on Trust business, in the light of the Finance Manager's papers and of her comments, made to the Chairman prior to the meeting, about the forecast deficit of some £15,000 on the management costs budget and the ratio of these costs to the Trust's charitable outlays relative to that recommended by the Charity Commission.

The Board noted that a proposal had been made by the Chief Executive of MFT regarding the fee paid by the Trust to MFT, and that an element of this proposal was a direct contribution by the Trust to the salary of certain MFT staff members. Concern was expressed about the propriety of such a contribution.

It was noted that administration of the Trust was a marginal addition to the work of the MFT office, the manning and expense of which would probably be unchanged were the Trust not involved. The estimate of staff hours was felt to be unduly influenced by recent complications concerning the employment status of Ms Daniels.

The possibility was raised of Ms Daniels undertaking more of the administration of the Trust's charitable activities. It was noted that the Trust was able to conduct these activities with considerably greater effectiveness and confidence as a result of Ms Daniels' work as its case worker; administration by her of the financial implementation of her work might be a sensible and economical extension of her rôle.

The Chairman noted that the Department of Health ("DoH") had expressed considerable concern at a suggestion, not emanating from the Trust, that the Trust might leave Alliance House altogether, and would need, as a minimum, full assurance that such a move would be both financially advantageous and in the interests of the Trust's beneficiaries.

The Board concluded that, as a first step, MFT should be asked to clarify and revise the cost proposal, noting that the Trust's beneficiaries numbered slightly less than 5% of those of MFT. A *pro rata* contribution by the Trust to those costs would be a maximum of £15,000, which was all that the Trust could afford under current funding arrangements.

At the same time, the Chairman would ascertain whether Ms Daniels, through Anglo Financial Services ("Anglo"), with whom she now worked as an IFA, would be interested in expanding her role with the Trust and, if so, on what basis and terms.

#### **07.139 Financial Reports and Matters (LH and SD present)**

1) The grants and payments summary for the first half of the financial year were noted, grants totalling slightly less than in the corresponding period of the previous year but regular payments having risen by about £12,000 (27%) as a result of the Board's decision to increase rates. The total cost of charitable activities

had, therefore, increased by 19% and would probably exceed the level of £140,000 for which the DoH had provided funding this year. The Board noted that there had been an under-spend in the previous year as a deliberate policy to provide for this year's increase. It was also noted that the increase in rates of regular payment, together with Ms Daniels' increased involvement with beneficiaries, was leading to a generally reduced request for single grants. However, a deficit was likely to recur annually because of the inadequacy of current funding; the DoH had replaced the previous occasional funding with annual funding at a rate that was wholly inadequate for the task set the trust by the Government and to meet the needs of the Trust's registrants.

The Board resolved, as short-term measures, to

- be prepared to make inroads, but kept at a minimum level, in reserves
- reduce management costs to the lowest possible level
- be more selective in the award of single grants.

The Chairman should write a letter to the DoH to accompany the Annual Report, explaining these measures, and drawing attention to paragraphs 2 and 3 on page 4 of the Report.

The Board thanked Ms Haigh for drawing its attention to the financial position.

2) The investment report, which was primarily concerned with PIM's operations, was noted.

The Board received a tabled proposal regarding investments from Anglo and heard an oral presentation on it by Ms Daniels. It was noted that the current policy had resulted in a loss of real value and low income.

Ms Haigh noted that MFT's Honeycombe Fund appeared to have produced good returns in terms of both capital and income and undertook to report to the Trustees how this had been achieved.

Anglo proposed a revised policy based on equities-based unit trusts rather than in a unique portfolio, with a broadly low to medium ("cautious to balanced") risk profile. The funds would be chosen through an investment "platform" or supermarket, which would enable low-cost switching and provide liquidity.

Draw-down of capital should be minimised by the Trust's maintenance of cash balances aimed at matching a quarter's outflow; these balances should be held to maximise their interest-earning potential consistent with proper security.

After extensive discussion, the Board resolved

- to accept Anglo's proposal in principle
- to use the notice period necessary for PIM to refine the choice of unit trust (to be undertaken by Messrs. Mishcon and Stevens in consultation with Anglo)
- to settle on the exact timing of implementation of this resolution by "round robin" around the Board.

3) The management accounts were noted. *(Subsequent to the discussion of these figures, the forecast deficit for the year was corrected to £3,300. The Board felt that the possibility of any deficit at all, as well as the high ratio of management costs to charitable outlay, justified the decisions it had reached earlier).*

4) The draft accounts for the 06/07 financial year were approved, with minor textual amendments to the first page, and the Chairman and Secretary were authorised to sign them *(but see 6 below)*

5) The financial impact of the support funding agreed by the Board for 5023 was noted.

6) The year-end balances of sums retained for 5087A and 5087D2 were noted. It was resolved that, subject to auditor's advice, these should appear in the Trust's balance sheet as designated funds.

7) This matter was dealt with under Agenda Item 07.138.

#### **07.140 Eileen Trust registration**

The letter from Dr Hewitt was noted. The Board concluded that its fears about considerable numbers of future registrants were unfounded. It was also noted that one of the possible new registrations referred to in the Secretary's Report had been declined by the DoH.

#### **07.141 Case Worker's Report (SD and RR present)**

The Case Worker's report was considered and the following decisions in respect of support and other matters were made:

Trust event – The Trust event had been very successful and had demonstrated that the Trust's beneficiaries benefited from being able to meet separate from MFT. Cost was an issue. GRO-A

GRO-A would be asked for suggestions for an event costing £5,000.

5089 – The Trust would cover the £150 cost of laser treatment for her teeth if she was still not-smoking. PRS would write to her husband concerning the outcome of their meeting at the DoH.

5090 – The Trust would pay for a private optical consultation. RM advised that this should be possible for less than £150.  
5002 - The Medical Trustee would be asked if he could contact 5002's cardiologist to ascertain a prognosis. The Chairman would write to Nationwide in support of a mortgage application. The suggestion should be made to 5002 that for the sake of security he should consider an upper-floor flat provided that it had a lift.  
5082 – The Trust would fund the purchase and installation of a shower. This had already been bought, precluding an approach to the Social Fund; the next newsletter should remind beneficiaries of the need to avoid this situation, since the Trust was only funded to supplement statutory agencies, not to be a substitute for them.  
5009W – The Trust would continue to support this widow.  
5034W – The Trust's support for this widower would cease in summer 2008 when he became eligible for a pension.  
5005 – Support would continue to be given to the dependent son of this widow, who has re-married.

**07.142 Any other business**

The Board considered the questionnaire that was being sent to all MFT beneficiaries in furtherance of Mr Mishcon's dissertation. It was agreed that it would be beneficial to the Trustees' understanding of the needs that the Trust was attempting to meet if the questionnaire could be sent to the Trust's beneficiaries, *mutatis mutandis*. The Chairman undertook to write a supporting letter.

The date of the next meeting would be 13 February 2008 at 2.00 pm. The venue would be Alliance House. The Board noted the dates of further meetings next year of 18 June and 15 October.

The meeting terminated at 5.25 pm

GRO-C