

T H E M A C F A R L A N E T R U S T

Minutes of a meeting of the Trustees held at Alliance House,
12 Caxton Street on 17th January 1989 at 3.00 pm.

Present: The Revd Alan Tanner, Mrs Guy, Mr Grinsted, Dr Jones,
Mr Knight, Mrs Leitch, Mr Palmer and Mr Stevens.
In attendance: Wg Cdr Williams and Mr Williams.

AGENDA

- 89.01 Apologies for absence
- 89.02 Minutes of meeting held on 9th December 1988
- 89.03 Matters arising
- 89.04 Finance - Investments
- 89.05 Finance (General)
- 89.06 Allocations Committee
- 89.07 Administration
- 89.08 Insurance/Mortgage Protection
- 89.09 Information and Public Relations
- 89.10 Any other business
- 89.11 Date and place of next meetings

89.01 APOLOGIES FOR ABSENCE had been received from
Mr Simon Taylor.

89.02 MINUTES OF PREVIOUS MEETING held 9th Decemer 1988.
The Chairman asked for comments. A typographical
error in Item 88.85 was pointed out and amended. It
was proposed by Mrs Leitch and seconded by
Mr Grinsted that the Minutes be accepted as a true
record. This was agreed unanimously and the Minutes
were signed by the Chairman.

89.03 MATTERS ARISING

It was agreed that there were no matters arising from
the previous Minutes that would not be covered by the
current Agenda.

89.04 FINANCE - INVESTMENTS

Mr Grinsted reported that on 12th January the
Investment Committee had held a meeting with the
Chairman and Directors of MANEX which had covered
an extensive review of past performance and future
policy on the Trust's portfolio. An outline summary
of valuation and performance had been circulated by
the Administrator (Annex A). The discussion showed
that while the capital results had been disappointing
the yield had been good, averaging over 11%.
Mr Grinsted pointed out that the prime intention of
the Trust's investment policy had been to maximise
the income, and that although current interest rates

were high (base rate 13) they had been much lower at the beginning of the investment period (7%). The actual return was therefore considered satisfactory, and there were also signs that capital values were beginning to rise again. Mr Grinsted said that the Committee had been satisfied with the briefing and explanations given by MANEX, which had given renewed confidence in the managers, and saw no cause for any major change in policy. All the outstanding points of disagreement in the contract with MANEX had been settled to the Trust's satisfaction.

He therefore proposed that the contract be approved and the management continued on present lines. This was seconded by Mr Knight and carried unanimously.

Mr Grinsted went on to outline a proposal made by MANEX that the Trust should adopt what is termed a stop-loss policy. This involves setting defined limits to acceptable fall in capital values below purchase price or any subsequent high, thus enabling rapid action to prevent any major drop in capital value, even though it would sometimes entail accepting the need to sell at a loss. He said that the Committee was of the opinion that this would be a good principle to follow but wished to resolve certain points on the process of decision making and what if any discretion was given to MANEX to take action on the Trust's behalf.

Mr Grinsted proposed that subject to negotiation of satisfactory safeguards the Investment Committee should agree with MANEX on a stop-loss policy for Trust stocks. This was seconded by Mr Stevens and agreed nem con.

The Chairman thanked Mr Grinsted for his report and the Investment Committee for the reassurance to the Trustees.

89.05

FINANCE - GENERAL

The Administrator reported on the management accounts, and drew attention to the report on expenditure to the end of 1988 and outline budget for the final quarter of the tax year as presented to DHSS in the January report, and attached as Annex B to these Minutes. These presented no significant changes to the figures given at the half year point to the end of September. He also referred to the draft budget for 1989-90 and said that these represented a projection of the 1988-89 figures without a detailed forward analysis.

There was some comment and question. As suggested by the Chairman the meeting took note of those figures, gave a general assent and required the Administrator to produce a full analysis budget for formal approval before the end of the current financial year.

89.06

ALLOCATIONS COMMITTEE

a Grants and Regular Payments

The Meeting took note of the expenditure on Grants and Regular Payments to 31st December 1988 (Annex C).

b Allocations February

Mr Williams reported on the Grants made in February (Annex D).

The meeting on 17th January had reviewed eleven applications. Two had been refused, five authorised and four cleared subject to further investigations. Total £5200.

It was noted that the present procedures now allowed the Allocations Committee more time to resolve complex cases by examinations in greater detail and thus to help develop policy.

c Policy

1 Business Projects

Two specific cases of requests for assistance were examined in detail in a discussion leading to development of guidelines for future cases. Mr Grinsted gave a resume of his comprehensive written report which had already been circulated.

Case A, a Bristol man, wished to develop a recording studio. Mr Grinsted had travelled to Bristol and held a lengthy discussion with the Bank Manager. The Bank had been quite prepared to advance all the capital requested provided that the Trust would underwrite any possible loss but was not prepared to take more than minimal risk of putting up capital without collateral. However although the risk-sharing partnership between the Bank and the Trust was not possible a plan was evolved which reduced capital requirement by hire-purchase of equipment instead of outright purchase. Other options were also detailed in the report (Annex D) but this was the one recommended.

Case B, a Newcastle man, wanted to start a parcel delivery business for his son. This case had not reached detailed negotiation stage since the applicant had not completed any preliminary discussions with a bank and we had not been put in touch with the bank.

In his summary Mr Grinsted suggested that principles evolved should take account of several factors.

- a The Trust had no resources to make business appraisals or subsequently to monitor performance.
- b In the existing economic environment small business was a high risk enterprise even under the best conditions.
- c A considerable degree of personal stress could be involved.

He finally stated his own view that any policy should allow the Trust to be aware of an absolute and limited commitment and not to be involved in high risk capital venture.

The Chairman thanked Mr Grinsted for his work on this subject and there followed considerable discussion.

On the specific cases the meeting agreed to support the option proposed by Mr Grinsted for case A, and to continue discussion on case B with a view to negotiating a similar solution.

For future cases the following principles were developed in the discussions.

- a Any project must be assessed as viable and supportable by a financing organisation which must accept some involvement.
- b The Trust commitment should be restricted to a non-refundable grant, which should be limited to a figure previously agreed in a slightly different context, of £2,500.

These principles were agreed by the meeting.

2 Mortgage Arrears

Attention was drawn to recent reports on the increasing statistics of the number of defaulted mortgages. It was agreed that the problem would get worse as long as interest rates remained high and that people eligible for help from the Trust were even more vulnerable than the national average. This was therefore an area of potential high demand and hence to be subject to special care in not over-committing the Trust's resources.

3 Holiday Grants

The meeting was informed that representations had been made from several centres that the present holiday grant was inadequate. It was also pointed out that only very simple mathematics were needed to show that even at the present level of grant holidays could easily become insupportable. Hence in the interest of evenhandedness it was agreed that the holiday grant should be seen as a contribution and did not necessarily have to relate to the total cost of a holiday. The Allocations Committee view that this should not be considered an annual and automatic grant was also agreed.

89.07

ADMINISTRATION

a The Administrator gave a verbal report covering following points.

1 Registrations

These had now reached 930. In discussion it was agreed that the registrations total should be only the 'primary' cases and that spouses who became infected should not be separately numbered.

2 Bi-monthly reports

The first of these reports requested by the Department of Health had been despatched on 12th January and copies had been circulated to Trustees.

3 Nominees

Negotiation on details of agreement with the Nominees was completed and the document should shortly be finalised.

4 Auditors

A draft agreement from the Auditors (Pridie Brewster) had been received and would shortly be formally concluded.

5 Security

A password system for the computer had been ordered and would shortly be fitted. A new ansaphone had also been fitted to the 'helpline' since it had been discovered that the BT Robin machine could be interrogated by callers without any special coding device.

6 Staff

Action had been started to recruit an Assistant Social Worker and a second secretary.

b Constitution of the Allocations Committee

On behalf of the Allocations Committee the Administrator raised the subject of the constitution of the Committee, presently covered by Minute 88.23b. He pointed out that the Chairman was listed by office without making it clear whether this was ex-officio, that the name of Mrs Demmery should be removed and that the General Secretary of the Haemophilia Society should no longer be a member but invited in attendance. He suggested that the present constitution should be recognised officially in the following terms:

"The Allocations Committee should consist of the Chairman and Deputy Chairman of Trustees in an ex-officio capacity together with Mrs Guy, Mr Knight, Mrs Leitch and Mr Palmer. The Administrator and Social Worker should be in attendance and Mr Watters of the Haemophilia Society invited to attend."

After a brief discussion the Chairman offered this suggestion as a formal proposal. It was seconded by Mr Grinsted and carried unanimously.

89.08 INSURANCE/MORTGAGE PROTECTION

The Chairman proposed that this item was deferred and the meeting accepted.

89.09 INFORMATION AND PUBLIC RELATIONS

a LINK TV 15th January 1989

The programme broadcast on 15th January 1989 was discussed. A videotape was offered to anyone who had not seen the programme. While there was general agreement that the programme had not been helpful, it was not considered worthy of further action. Mr Knight suggested that co-operation in the making of this type of programme was not worthwhile to the Trust.

b Newsletter

It was agreed that a second Newsletter should be started for distribution as soon as possible. An outline to be available if possible for next meeting. The Administrator said that he would welcome suggestions for items for inclusion.

c Visits

1 Newcastle

It was reported that a meeting with members of the Trust had been arranged for Saturday 21st January. Dr Jones would be host/chairman and Mrs Leitch, Mr Stevens and the Administrator would attend.

2 Cardiff

It was also reported that a meeting with the Cardiff 'HIV Group' had been arranged for the evening of Thursday 26th January. As the Chairman could not go on this date Mr Palmer had agreed to go in his place. The Administrator and Social Worker would attend and would also spend the day with the professional staff at Cardiff and in private interviews with individuals.

The Chairman welcomed this development of contacts between the Trustees and members and stressed the importance of co-ordinating all such meetings through the Trust office.

89.10 ANY OTHER BUSINESS None.

89.11 DATE AND PLACE OF NEXT MEETINGS

Further meetings were confirmed or agreed as follows:

Thursday 16th February Alliance House

Tuesday 14th March Alliance House

In each case

Allocations Committee	at 11.00 am
Trustees Meeting	at 3.00 pm

GRO-C: Alan Tanner

16th February 1989

Chairman

MACFARLANE TRUSTPORTFOLIO SUMMARY

Name of Stock	Holding	Div Dates	½ yr amount gross " net	Latest paid
11½ Treasury 1991	1,500,000	Jan/Jul	88,125.00 66,093.75	Jul 88 net
10½ Treas Conv 1992	500,000	Nov/May	26,250.00 19,687.50	Nov 88 net
13½ Excheq 1996	2,200,000	Nov/May	145,750.00 109,312.50	Due May 89
15 Excheq 1997	1,500,000	Apr/Oct	112,500.00 84,375.00	Oct 88 Net
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Stocks Total	5,700,000			
CD Yorkshire Bank 13½	600,000	Due 28 Feb 89		
CD CSFB 13 1/16	500,000	Due 2 Mar 89		
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CD Total	1,109,000			
Overall Total - Nominal	6,800,000			
			Dec 31 Value	7,788,558.56
			+ Dividend due	66,093.75
			+ Cash	67,242.13
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			Value	7,921,894.44
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Annex A
to Minutes of
Trustees Meeting
17 January 1989

MACFARLANE TRUSTPORTFOLIO PERFORMANCE SUMMARY

	Valuation	Clean Loss from 24 May	Perf/Month	Perf. Overall
Aug 31	7,892,595.91	- 239,065	- 4.44	- 0.91
Sep 30	8,003,915.91	- 174,533	20.02	4.12
Oct 31	8,003,297.26	- 87,000	14.32	5.94
Nov 30	7,848,471.01	- 296,102	- 20.42	- 0.23
Dec 31	7,921,894.45	- 268,041	13.40	2.17

Dividends Received	Net	Tax Refund Due
Jul	66,093.75	22,031.25
Oct	84,375.00	28,125
Nov	19,687.50	6,562.50
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	170,156.25	56,718.75

£226,875.00

MACFARLANE TRUST

Trustees Meeting 17th January 1989

Management Costs

	Actual to 31 Dec (subject to Audit)	Est to 31 Mar 89	Est Budget 1989-90
Premises			
Rent & rates	17,000	2,500	11,000
Services & misc	200	250	1,000
	17,200	2,750	12,000
Office Costs			
Furniture & equip	9,500	1,500	5,000
Stat & printing	5,500	2,500	10,000
Post & tels	3,250	1,750	6,000
Miscellaneous	750	250	1,000
	19,000	6,000	22,000
Personnel			
Staff salaries	17,500	14,000*	60,000***
Expenses	3,600	1,400	8,000
Prof'snal fees	11,900	5,000**	15,000**
	33,600	20,400	83,000
Contingency	-	1,650	3,000
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	£69,200	30,800	
		b/f 69,200	
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		£110,000	£120,000
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Notes

* Includes Records Assistant to 31 March 1988.

** Professional fees include a figure of approximately £12,000 per annum for MANEX our investment advisers. Other costs include Auditors, Solicitors and Computer Services.

*** Includes provision for Social Work Assistant from 1 April 1989.

MACFARLANE TRUST

Summary of Grants Made

31st December 1988

A Single Payments

	No	Total	Amount	Overall
January to March	84		25,671	
April	25	109	8,812	34,483
May	21	130	11,611	46,094
June	59	189	23,627	69,721
July	37	226	19,733	89,454
August	43	269	25,533	112,987
September	23	292	14,835	127,822
October	68	360	39,663	167,485
November	108	468	65,498	232,983
December	130	598	78,550	311,533

B Regular Payments

	No	Initial -	Payment -	Ongoing
November	126	147,680		-
December	124	139,920		-
Total	250	287,600		-

Overall Total Sum paid out to 31 Dec 88 £599,132

The long term commitment to regular payments is now
£5741 per week/£298,500 pa.

Notes on Regular Payments

Current maximum is £20 per week per person

220 (88%) of regular payments are at the maximum level.

There are 8 cases where two people in the same family group
are receiving regular payment and at least 7 other cases
where adult brothers are both receiving payment.

5 initial payments were posthumous back payments with no
further commitment.

6 regular payments are being paid to widows (themselves
infected or elderly or with dependant children).

MACFARLANE TRUST

Grant Allocations - Summary 1.1.89 to 16.1.89

- 1 43 grants with a total value of £24,049 were made during this period.
- 2 14 of these grants were approved by the Allocations Sub Committee which met 5.1.89. These had a total value of £14,000.
- 3 (i) Average value of grants cleared during this period was £559.

(ii) Average value of grants cleared by Social Worker and/or Administrator was £346.
- 4 Analysis of grants made:

48% household equipment, furniture and furnishings.

14% mobility needs, including Motability lease deposits and hospital fares.

13% debts.

13% holidays.

9% estate agents fees and removal expenses.

3% miscellaneous.