

THE MACFARLANE TRUST

A meeting of the Board of Trustees held on Monday 27 July 2015 at 11.00am at Alliance House, 12 Caxton Street, London SW1H 0QS.

PART A

PRESENT	Roger Evans	(Chairman)
	Paul Biddle	
	Matt Gregory	
	Eileen Jackman	
	Vanessa Martlew	(via teleconference)
	Alasdair Murray	
	Jamie O'Hara	
	Patrick Spellman	
IN ATTENDANCE	Jan Barlow	(Chief Executive)
	Joyce Materego	(Director of Finance)
	June Omadoye	(Office Manager/PA)
	Victoria Prouse	(Director of Operations)

765.15 **Apologies for Absence**

There were no apologies for absence. VM joined the meeting via teleconference.

766.15 **Minutes of Previous Meeting**

The minutes of the meeting held on 27 April 2015, which had previously been circulated in draft form, were agreed as a correct record.

767.15 **Matters arising from the minutes other than those itemised separately on the agenda**

There were no matters arising not covered elsewhere on the agenda.

GOVERNANCE

768.15 **Board membership**

RE reminded the board that this would be Eileen Jackman's last meeting, with the expiration of her term of office. He thanked her on behalf of the whole board for her contribution during her three years with MFT, and wished her all the best for the future.

RE pointed out that there was, already, one vacancy on the board. With EJ's departure there would now be two. The board discussed whether it would be appropriate to recruit for new board members at this stage, given the ongoing uncertainty about the future and the fact that recruitment could be time-consuming and costly. However, it was felt that if there were to be changes, the transition process could take a long time. It was agreed that RE would discuss with JB options for recruiting one or more board members without incurring the costs of going through an agency.

JB updated the board regarding the appointment of Chris Pond as the new Chair of the Caxton Foundation, and Siobhain Butterworth as a new Caxton board member.

FINANCE

769.15 Current financial position

The board received the financial position as at 30 June 2015.

JB highlighted the fact that there was a significant overspend in relation to the grants budget at the end of the first quarter. This was due to higher than expected expenditure at the April and May Grants Committee meetings. However, fewer grant requests had been received and considered at the July meeting. It was therefore agreed to continue to monitor expenditure against the grants budget closely. However, applications which complied with guidance would continue to be approved, if appropriate. No application would be declined owing to the budgetary position.

It was noted that the regular payments budgets were currently showing underspends. However, as the backdated increases to beneficiaries were not paid until July, after the quarter end, the management accounts for the subsequent period would be likely to show that expenditure was in line with budget.

770.15 Investments

- i) Charles Brand and James Mercier from Sanlam Private Wealth attended the meeting to discuss MFT's investment portfolio.

CB and JM gave a presentation highlighting recent performance in global equity and fixed income markets and overall macroeconomic assumptions, as well as the performance of MFT's portfolio. CB and JM advised that investments had performed well against the benchmark for the 6 months to 30 June 2015, but less well for the 12 months to the same date.

It was reiterated that MFT intended to retain a General Reserve of approximately £750,000 for the longer term, but without additional Department of Health funds it would need to supplement its annual DH allocation with approximately £600,000 from the remaining reserves; at the current rate, this could be done for a further two years after the current financial year. The funds which fell outside of the General Reserve therefore needed to be protected from the short-term fluctuations that occurred in the equity market. CB advised the board that this could be done, but that short-dated bonds, by their very nature, had a lower rate of return than longer dated ones. It was therefore agreed that CB would put forward a proposal for the MFT in relation to the future of the portfolio.

RE pointed out to CB the underperformance against benchmarks in 2014/15. CB was optimistic the position would improve in 2015/16.

- ii) The Board received the report of the Trust's investments as at 30 June 2015.

771.15 Annual report & Accounts 2014/15

- i) The board received the annual report and accounts for 2014/15. It was noted that the deficit at the year end was approximately £400,000 against the DH allocation. This had been anticipated and reserves had been used as budgeted for this contingency. This compared with the predicted overspend of £600,000 for 2015/16, which had also been budgeted for. Following discussion, the board approved the annual report and accounts for 2014/15.
- ii) The board received the Auditor's management letter. The board noted with satisfaction that, again, the accounts were unqualified. However, there was concern at the number of outstanding issues which Ward Williams had to address. It was agreed that JB would prepare a note for the October meeting setting out how the issues raised by Ward Williams had been addressed.
- iii) The board received and agreed the Letter of Representation. RE would sign the letter on the board's behalf.

772.15 Loans

The board received a report summarising the current position with loans held by MFT beneficiaries with the Trust as at 31 March 2015.

It was noted that the overall amount outstanding had reduced since the previous year. It was also noted that only one equity-share loan remained. The board was reminded that the only "loans" that were now made were advances from beneficiaries' regular payments.

The board thanked JB for this very helpful information and asked that a further report be submitted to the July 2016 meeting, hopefully in a simpler format.

WELFARE

773.15 Grants Committee

- i) The board received the minutes of the meeting held on 21 May 2015.
- ii) The board received the minutes of the meeting held on 2 July 2015.
- iii) The board received the management information pack which included the consolidated grant schedules up to and including 2 July 2015. It was noted that the average turnaround times for Grants Committee grants was 9 days, and 2 days for office grants; the board congratulated JB and the team on these figures.

774.15 Political developments

JB updated the board regarding the latest political developments, including the Ministerial statement and short debate in the House of Commons on 20 July 2015.

JB also advised that she had been invited to the second meeting of the Scottish Review Group in Glasgow on 28/29 July to talk about the system of support currently provided by the five Alliance House entities. The Review Group had been set up by the Scottish Health and Social Care Department following the publication of the Penrose Inquiry report in March 2015.

MANAGEMENT

775.15 Chief Executive's Report

The board received the CEO's report.

The board noted that NHS England had recently announced that it would be investing a further £190 million to broaden access to the new treatments for Hepatitis C to those with cirrhosis.

JB advised that the annual census had now been processed and letters advising beneficiaries about their level of payments for 2015/16 would be sent out during the week commencing 27 July 2015. Payments in respect of any increases backdated to 1 April 2015 would be paid separately at the end of July 2015. For beneficiaries who had still not submitted their paperwork, this would be processed once received, but payments would not be backdated, and beneficiaries had been made aware of this.

Another MFT newsletter had been sent out to beneficiaries on 13 July 2015. It was agreed to send a copy of the newsletter to trustees.

776.15 Any other business

There was no other business.

777.15 Date of next meeting

26 October 2015, 11am.