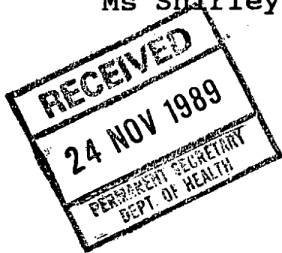


MANAGEMENT IN CONFIDENCE

Ms Shirley-Quirk PS/Sofs



From: Ms M E Stuart
Finance B Division
Date: 22 November 1989

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FUNDING OF ADDITIONAL GRANT TO MACFARLANE TRUSTIntroduction

1. Following the meeting on 20 November to discuss HCHS and CFS allocations and the Secretary of State's comments of 21 November on my submission of 17 November, this submission puts forward further proposals for the funding of the £7 million contribution from the HPSS Votes to the £19 million grant to the Macfarlane Trust. The remaining £12 million is to come from the Reserve.

Background

2. It has been agreed that the £19 million will be advanced from the Reserve during 1989-90 but that the UK HPSS cash limits will be reduced by £7 million in 1990-91. Funding the bulk of the £7 million of grant in 1990-91 would necessitate significant reductions in CFS allocations many of which have already been pared down to match the provision obtained. The 1989 PES settlement for 1990-91 for cash limited CFS was £88.4 million* of which £38 million (43%) relates to bids for the NHS Review. The provisional allocation set out in Mrs Grimshaw's submission of 31 October proposed that these bids should be met in full. For the larger non-NHS Review CFS budgets which total £51 million it proposed allocations as follows:-

(i) Special Hospitals (£13 million): mainly for pay and prices, improved staff/patient ratios, capital programme and strengthen management of SHSA

(ii) Disablement Services Authority (£7 million): mainly for pay and prices, special seating for wheelchairs, indoor/outdoor wheelchairs and two Disablement Service Centres

* Treasury have insisted we return to the precise figure negotiated rather than the £89 million we and they have been using!

(iii) Family Practitioner Committees Non-NHS Review (£6.4 million): principally for pay and maintenance of premises

(iv) Voluntary Sector (£2.2 million): mainly for services for alcohol misusers and child abuse

(v) Information Services (£8 million)

(vi) Health Education Authority (£2 million): to maintain public education on AIDS

(vii) Research and Development (£1.7 million): including anonymous testing for HIV infection and whooping cough vaccine trials.

The balance of £12.9 million is made of many smaller budgets including Social Work Training, Dentists Practice Board and Euro-PES.

3. In addition to Macfarlane there are two late bids for next year totalling £1.5 million that were not provided for in the PES settlement. £0.5 million will be required for the Department's share of the UK contribution to expand the PETO Institute to Budapest for conductive education and up to £1 million to fund bids for Community Care implementation and development. Part of these funds can probably be found from underspends on Section 64 grants.

4. Secretary of State has said that he wishes to preserve health authority general allocations but is content for £1 million of the HCHS AIDS money to be diverted for this purpose. He has asked that the remainder be found from CFS and indicated areas that might take reductions. These included a reduction of £1 million in the HEA allocation for AIDS. He asked for specific proposals on how the resources would be found.

Proposal

5. The problem in relation to haemophiliacs is a UK one and we will be looking to colleagues in other territorial departments to make a contribution. This should be of the order of £1 million.

6. £1 million will be transferred from the HCHS AIDS money.

7. We recommend that a further £2 million should be obtained from a first call on underspends which emerge during the course of 1990-91 thus maximising the use we make of the resources available to us.

8. Cuts amounting to £3 million would then be needed in the CFS allocations proposed in Mrs Grimshaw's submission of 31 October. We propose that this be found by the following cuts:-

(1) £1 million from the Health Education Authority's allocation for AIDS.

(2) £1 million from the Family Practitioner Committees Administration. (This still provides an increase of around 40% on this years allocation).

(3) £0.5 million from the Disablement Services Authority (the Authority might still be able to make progress on indoor/outdoor wheelchairs with a cut of this size). It is understood that Lord McColl has been made aware of the provisional allocation and may thus protest. Finance consider a cut of this order to be managable in view of the overall size of the budget (£89 million).

(4) £0.5 million from the Special Hospitals Services Authority's capital allocation (equivalent to the national provision for Broadmoor rebuild).

9. If Secretary of State does not wish to reduce the FPC allocation (3) and (4) could be increased to £1 million each as suggested in your note of 21 November. We would look mainly to the voluntary sector and research for the extra resources needed for the PETO Institute and Community Care but would then need to resist firmly any further calls on the CFS budgets which emerge later.

Summary

10. Are Ministers content with the proposals in paragraphs 5-9 to:-

- (i) Seek a proportionate contribution from UK Departments
- (ii) Rely on up to £2 million of underspends emerging in the course of 1990-91
- (iii) Make the cuts in CFS allocations proposed in paragraph 8
- (iv) Find the necessary resources for the PETO Institute from voluntary sector and research funds.

11. Subject to those changes, are they content for the adjusted allocations to be confirmed as proposed in Mrs Grimshaw's submission of 31 October?

GRO-C

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