

IMPLICATIONS OF A DECISION ON THE MFT RESERVE, FOR THE HEPATITIS C-AFFECTED COMMUNITY.

Issue

1. Further to my submission of 6 December 2012 regarding the Macfarlane Trust and Eileen Trust reserves, your requested further advice on the implications for the proposals on contaminated blood Hep C sufferers, particularly the Skipton Fund.

Background

2. The Skipton Fund does indeed make payments to those infected with hepatitis C, but SKF payments are not discretionary. The discretionary body for hepatitis C is the Caxton Foundation, newly established in 2011, and it is this which should be compared with MfT and ET.
3. As a new body, the Caxton Foundation does not have a reserve, and DH Finance colleagues advise that it is not good use of public money for any of the three discretionary bodies to hold a reserve. Therefore, requiring MfT and ET to pay down their reserves would put both organisations on the same footing as the Caxton Foundation.
4. The table at annex A explains the pros and cons for each beneficiary community, of the three options for handling this issue.

In Summary

5. We continue to recommend option 2 (as per the submission) - reducing MfT's allocation by £1m in each of the next 2 financial years, so that it pays down part of the reserve through its routine payments, and allowing it to spend approximately £2m of the reserve as it wishes, subject to agreeing a plan with DH on how it intends to assess charitable need within its beneficiary community.
6. The hepatitis C community may well raise concerns about the increased amount of funding that this will make available to MfT beneficiaries, compared to the amount of money available to them through Caxton. However, Caxton will not spend its whole allocation in 2012/13. In contrast, MfT has submitted a business case which has identified £5.7m of additional expenditure, and that case needs to be considered on its merits. If Caxton identifies additional needs in future, we will need to consider whether to make appropriate adjustments to its future allocations.

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Option		Pros for HIV community	Cons for HIV community	Pros for hepatitis C community	Cons for hepatitis C community
1	Stopping MfT's annual allocations until it has paid down the whole reserve through its routine payments.	None.	The c£4m of the reserve would not be disbursed to the beneficiaries on top of their usual payments.	None	None
2	Reducing MfT's allocation by £1m in each of the next 2 financial years, so that it pays down part of the reserve through its routine payments, and allowing it to spend part of the reserve as it wishes. (As recommended).	MfT will have c£2m of the reserve to disburse to its beneficiaries.	c£2m of the reserve would not be disbursed to the beneficiaries on top of their regular payments.	None	<p>This option might alienate the much larger hepatitis C-affected community, if Caxton does not have a similar additional amount to disburse.</p> <p>We haven't recommended increasing the money for Caxton in 2013/14, as it will not spend this year's allocation in full, and they are currently re-assessing beneficiary need. When it does come to a final decision about how it will assess beneficiary need, it may still choose to assess needs differently to MfT. Therefore, there is no certainty Caxton would spend a significantly greater sum of money. However, if becomes clear in future years that hep C need is significantly greater than currently assessed then we could recommend an increase in their budget.</p>
3	Keep the MfT allocation at its current level, and allow MfT to spend all of the reserve.	MfT will have an additional £4m to disburse amongst its beneficiaries.	None	None	As for option 2, but the disparity between the funding available for discretionary payments in respect of HIV and that available for hepatitis C, will be even greater.