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DRAFT WELFARE POLICY

1.0 Introduction

1.1 The Macfarlane Trust (MFT) was set up by the Government in 1988 to assist persons living with haemophilia who had contracted the HIV infection as a result of receiving contaminated blood products supplied to and administered by the National Health Service.

1.2 The MFT objectives as set out in the Trust Deed are "to relieve those persons suffering from haemophilia whom as a result of receiving infected blood products in the United Kingdom are suffering from AIDS or are infected with the HIV virus **AND** who are in need of assistance or the needy spouses, parents, children or other dependents of such persons and the needy spouses, parents, children or other dependants of such persons who have died".

1.3 It is the view of the Charity Commission that the Trust Deed of the Macfarlane Trust is not concerned solely with the relief of financial need; the relief of sickness is an integral part of its purpose. It would be an extreme reading of the Trust deed if the MFT were to consider itself only involved with the relief of poverty per se.

1.4 The Charity Commission take the view that "need" means a variety of demands that can be interpreted differently. The onus is on the Trustees of the Charity to apply genuine discretion taking into account, as far as possible, all the circumstances that present themselves.

1.5 The MFT provides assistance in the following way:-

- By making regular monthly payments to primary beneficiaries. Primary Beneficiaries are those persons with haemophilia and Von Willebrand's disease infected with the HIV virus and those infected spouses and partners of those primary beneficiaries.

- By supporting those beneficiaries who are not primary beneficiaries by way of regular payments where need is defined and relief is sought.

- By making single grants available for a variety of purposes.

- By making advice available when sought. By way of illustration, this would include advice on debt management, benefits advice, to enable economic, educational or social empowerment.

2.0 Defining Need and the Public Benefit Test

2.1 The MFT recognises the Charity Commissions guidance and consultation Document "Public Benefit and the Prevention or Relief of Poverty".

2.2 The MFT believes it meets the public benefit test where its beneficiary class is a sufficient section of the public in respect of that test.

2.3 The MFT accepts the Oxford English Dictionary definition of "poor" as "of a person or people; having few or no material possessions; lacking the means to procure the comforts or necessities of life, or to live at a standard considered comfortable or normal in society; needy, necessitous, indigent, destitute".

a) In that context, the MFT regards its primary beneficiary and beneficiary cohort as "poor" because of their HIV infection or where they have been affected by the HIV infection specifically in terms of the family and dynamics arising and that by way of the HIV infection does not enable those individuals to enjoy a standard of life that could be considered "comfortable or normal".

2.4 The MFT recognises that the financial disbursements it makes to the beneficiary cohort enjoy a benefits waiver. In that context, the MFT excludes income and gain arising from non-means tested and means tested benefits when assessing need. Where public finance is available by way of qualification through the benefits system, the MFT will explore all avenues available to establish such external support for the beneficiary cohort.

3.0 Benchmarking Need and Financial Relief

3.1 The MFT believes that notwithstanding the financial status of its beneficiary cohort, the term "poor" can be applied because all beneficiaries are prevented from living a life that is "comfortable or normal".

3.2 Further to that, the MFT fully accepts that "need" is a relative term and "relief" may depend upon an individual's own financial circumstances.

3.3 The MFT in terms of benchmarking "need" and the disbursement of financial relief believes that the following statements apply:-

4.0 The definition of financial need

4.1 Where a primary beneficiary or beneficiary has a household income of less than 60% of the UK median income.

4.2 That due recognition is given to the additional financial and social strains of living with HIV virus or having had to live with the effects of the HIV virus which would have necessitated abnormal domestic arrangements such as marital care arrangements that would have deprived a spouse or partner from pursuing a normal life in terms of career or otherwise.

That recognition is given to HIV being a life-long condition which will have a progressive detrimental effect on the individual and a wider but similar effect on the family household.

4.3 In that context, a 20% premium is applied to the lowest benchmarked household income to reflect that determination.

4.4 The definition of financial poverty is the product of the UK median income + 20% maximum of that median income.

5.0 The disbursement of "relief" to address need by way of regular payments.

5.1 The MFT recognises that the entire beneficiary cohort is "poor" by virtue of the statements contained in 3.1 and elsewhere.

5.2 The MFT sees the mode of monthly regular payments as the core mode of disbursement to address poverty and meet the definition of "poor" as stated.

5.3 In that context, the disbursement of regular monthly payments should be constructed to address the fact and definition that all beneficiaries are "poor" but equally accepts that different financial circumstances should apply. In addition, the blanket definition of financial poverty as expressed in 4.1, 4.2 and 4.3 needs to be refined when assessing the monthly payments. The following PB benchmarks are proposed:-

(The median income at 07/08 is £498.00 (say £500.00) per week or £25,896.00 (say £26,000.00) per annum. The median income is adjusted annually. This paper recognises the median income as the core index).

1) Household incomes of less than the 60% of median income + 20%.

2) Household incomes of more than 80% of the median income but less than the full value of the median income per se.

3) Household incomes of more than the median income but less than £41,000.00 per annum (say £40,000.00), the rate of income including personal allowance that attracts the higher rate of income tax).

4) Household incomes greater than £40,000.00 per annum.

a) Those households with an income of less than 60% of the median income + 20% premium for living with HIV.
(At 07/08, this will mean households on less than £18,645.00 per annum (say £19,000.00).

The current higher rate of regular payments + 25%. This will be re-classified as the higher rate. The +25% premium seeks to reflect fundamental "poverty" at this income level as the Trust's own definition.

The revised value of the monthly regular payment will be £525.00 up from £420.00.

Live-in Partner £37.50 say £38.00 (up from £30.00)

For first dependant child £37.50 say £38.00 (up from £30.00)

Other dependant children £18.75 say £19.00 (up from£15.00).

There are +/- 237 households in this category.

b) Those households with an income of more than 80% of the median income but less than the median income per se.
(At 07/08, this will mean households on more than £19,000.00 per annum but less than £25,896.00 (say £26,000.00).

The current higher rate + 12.5% will be re-classified as the standard rate. The 12.5% premium reflects the diminution in fundamental "poverty" at this enhanced income level.

The revised value will be £472.50 (say £472.00)..

Live in Partner will be £33.75 say £34.00 (up from £30.00)

First dependant child will be £33.75 say £34.00 (up from £30.00).
Other dependant children will remain at £16.87 say £17.00 (up from £15.00).

There are less than 53 households in this category.

c) Those households with an annual income in excess of the median income but less than £40.000.00 per annum, the salary rate that attracts the higher rate of income tax including personal allowances.

The current standard rate of regular payments + 6.25%. This will be re-classified as the lower rate of regular payments. The move to the reduced rate of regular payments coupled with the 6.25% premium reflects the further diminution in fundamental "poverty" at this enhanced income level.

The revised value will be £385.68 (say £385.00)..

Live in partner will be £15.93 say £16.00 (up from £15.00).

There would be no supplements for dependent children.

There are less than 78 households in this category.

d) Those households with an annual income of more than £41,000.00.

A nominal monthly regular payment to reflect the definition of "poor" as defined. The number of households would be small and certainly in single figures. This new nominal rate would be fixed at a rate to reflect the guideline statement that individuals are "poor" because they cannot lead a normal or comfortable life.

The nominal rate could be set at the regular payment at (a) less the regular payment at (c) which would be £140.00 pcm. This new rate of regular payments recognises the concept of "poor" as described earlier but takes into account the lack of relative "poverty" at this income level.

This benchmark of regular payment will be classified as the nominal rate.

Supplements would not be payable.
There are 25 households in this category.

Note:
- Where household incomes change, the system will accommodate those changes arising in the value of the monthly regular payment.

- The value of the median income will be applied at the start of each financial year. It is recognised that the published value will be historical.

6.0 Single Grants

6.1 Single grants would not be available, under the current Office Guidelines, to those primary beneficiaries with household incomes greater than £41,000.00 per annum but can be applied for and would be subject to the discretion of Trustees. An application form, giving financial circumstances, would be required..

6.2 Where a primary beneficiary has a household income that lays within benchmark 1 or 2, the requirement that an application form for a grant be completed will not be deemed necessary.

6.3 Where a primary beneficiary has a household income that is within benchmark 3, an application form will be necessary, giving financial circumstances, would be required. This is to establish whether or not the requirement could be satisfied from own resources.

7.0 Way Forward

7.1 The Committee are invited to consider this paper and make any amendments they deem appropriate or necessary. Where there are substantial amendments, the paper can be re-presented to the Committee in July.

7.2 The approved paper will go to the Board of Trustees, at the earliest opportunity, for consideration. When approved, it will be sent to the Charity Commission for consideration in light of the Charities Act 2006 and various Guidance Notes that have been published.

7.3 The Committee will be aware of the fact that by seeking endorsement form the Charity Commission and that endorsement being given, the effect of that will be to protect the Trustees from any legal challenge.

Approximate Costs

Benchmark 1.

Assuming up to 237 households, the additional cost would be 237 x £105.00 pcm or £298,620.00 in a full year.

There are 237 households in the £20,000.00 or below household income category.

There are 237 households in the £20,000.00 or below household income category.

Benchmark 2

Assuming 53 maximum households, he additional cost would be 53 x 52.50 pcm or £33,390.00 maximum in a full year.

There are less than 53 households in the £20-30,000.00 category. Assume 53 x 20% or 42 for budgetary purposes.

Benchmark 3

Assuming 78 households, the additional cost would be 78 x £22.68 (say £23.00) pcm or £21,528.00.

There are less than 78 households in the £20-40,000.00 category.

Benchmark 4

Assuming 25 households in this category, the savings would be 25 x £223.00 pcm or £66,900.00.

There are 25 households in the £40,000.00+ category.

The maximum ceiling cost would be (£286,638.00 + 2%) £292,370.00 A further 2% has been added to reflect this.

NB: The adjustments to the supplements are minimal and the overall impact on the revised levels of regular payments will be equally minimal