

## Martin Harvey

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**From:** Martin Harvey  
**Sent:** 23 July 2008 15:09  
**To:** 'Brian.Bradley@GRO-C'  
**Cc:** 'cfftzlon@GRO-C'; 'Jonathan.Stopes-Roe@GRO-C'; Linda Haigh; 'Gordon Clarke'; 'simon@GRO-C'; 'Boyd, Elizabeth'; 'Elizabeth Boyd'  
**Subject:** RE: MFT Funding

Brian

Thank you.

Obviously, there are implications for both trusts and I will talk to Trustees in due course. I will deal with the MFT in this reply.

As I see it, we are looking at flat-cash funding for at least one further year (09/10) and at the same level as in the past three years from 06/07 to 08/09. It would also seem there is every possibility that flat cash funding will remain until year-end 11/12.

In restrained terms, I have to ask if this is honouring past commitments (however anybody wishes to fine-interpret it) that the MFT receives adequate funding to meet its obligations. If 3.754m was deemed acceptable in 06/07, how can 3.754m after inflation erosion let alone operational cost increases be deemed sufficient to suggest a flat cash settlement from 09/10 for (in all probability) 3 years?

Further, inflation applicable to the basket of goods and services the Trust has to purchase from is well ahead of the recognised indices.

All this is on top of the decision (without any real sense of consultation) to make the allocation payable to the Trust quarterly leading to a loss in interest earnings which would have gone straight to the funds for disbursement

Martin

Martin Harvey  
Chief Executive  
Direct Dial: GRO-C  
E-mail: martin@GRO-C

-----Original Message-----

**From:** Brian.Bradley@GRO-C [mailto:Brian.Bradley@GRO-C]  
**Sent:** 21 July 2008 17:16  
**To:** Martin Harvey  
**Cc:** cfftzlon@GRO-C; Jonathan.Stopes-Roe@GRO-C; Peter Stevens  
**Subject:** MFT Funding

Martin

Thank you for your recent emails.

I am replying just to clarify the funding for MFT and ET.  
I realise that the history of funding the MFT was at one time based on a 3 year commitment which required renewal at the end of each triennial. We are now, however, in a position where funding is given to both the MFT and the ET on a rolling annual basis in which we provide committed figures for the coming year and indicative figures for the next 2 years. At present, the indicative figure for future years is for flat cash funding. There is no sense, therefore in which a triennial agreement is coming to an end.

I am grateful for your patience with our new budget management system - we are also having to exercise patience with its teething troubles, but I am sure it will be worth the effort when its benefits are realised.

regards

Brian Bradley

Strategy & Legislation Branch  
Health Protection Division  
513 Wellington House  
Tel [ ] GRO-C

"Martin Harvey"  
<Martin@ [ ] GRO-C  
[ ] GRO-C >

18/07/2008 10:52

To  
<Jonathan.Stopes-Roe@ [ ] GRO-C >  
cc  
<cffitzlondon@ [ ] GRO-C >, "Peter  
Stevens" <peter@ [ ] GRO-C >,  
<Brian.Bradley@ [ ] GRO-C >  
Subject  
FW: Funding

Jonathan

I thought I should add to what I said earlier, in particular about why there is little enthusiasm for a merger of the MFT and ET.

As the two trusts are separate, it follows they have separate beneficiary constituencies. They differ as follows:-

1) The MFT supports haemophiliacs, all male, who were infected with the HIV virus by way of contaminated blood products. There are a very few female infectees with blood disorders who were similarly infected.

The ET supports those who were infected with HIV by way of, for example, tissue transfer.

Both trusts support the bereaved, infected partners, dependent children etc.

As you will see, there are differing health criteria for those who were directly infected, different circumstances surrounding that infection which is why (I should imagine) it was deemed inappropriate to have two charitable bodies.

Each Trust has developed disbursement policies that are designed, as far as possible, to reflect the different needs (health and financial) of the primary beneficiary constituencies in particular and the other beneficiary constituencies in general. Those differences include varying rates of regular disbursements as well as different policies in respect of single grants. If the two trusts were merged, there would have to be an equalisation of disbursement policies that would be near impossible to bring about, not just because of any funding shortfall that would in all probability arise but because of integration of those separate health criteria, the different social and economic circumstances of each infected class of beneficiary etc. There are also different disbursement policies in respect of the bereaved, infected partners, dependent children stemming from those different health criteria as well as the impact of varying social and economic circumstances.

It is also a fact that each beneficiary constituency see themselves as very different for the reasons given. It would be (I believe) necessary to achieve consent from both constituencies for any merger and, from experience, I just do not see that happening. If a merger was forced, the relationship between each Trust and its beneficiary constituencies would be damaged and as Chief Executive of the MFT and Secretary of the ET, my advice to each Board would be to resist such a move for the reasons given as well as the fact that the respective MFT/ET relationships with their communities of care (at this time) are both on an even keel; if they are not on that even keel, the

efficient operating abilities of both trusts are at risk. I am quite sure that the anger that would arise from any forced merger would be heard at the DH - PQs etc!!

I have not touched upon the challenges that would arise in terms of governance or staffing each presenting their own administrative difficulties.

As I said, there was some interest in this possibility but, upon reflection and for the reasons given, it is likely (if the proposition was ever put) that both Boards would prefer to retain the status quo. You may want to revisit Peter's suggestion about how the ET could be wound up.

I know you are aware of the fact that MFT triennial funding arrangement comes to an end this year and we need to talk about the future and there is the further funding of the ET that also needs to be taken forward.

Finally, thank you for sending through copies of the purchasing arrangements in respect of the respective funding allocations.

With best wishes

Martin Harvey  
Chief Executive  
Direct Dial: [GRO-C]  
E-mail: martin@[GRO-C]

●--Original Message-----

From: Martin Harvey  
Sent: 10 July 2008 11:26  
To: 'Jonathan.Stopes-Roe@[GRO-C]'  
Cc: Linda Haigh; 'Brian.Bradley@[GRO-C]'; 'Edward.Goff@[GRO-C]'  
Subject: RE: Funding

Jonathan

Thank you.

As you know, I am all for making the line of communication and understanding between MFT/ET and the DH easy to follow.

As with all such matters, had we been advised of the new procedure then I would have understood (I think).

I am not sure I fully understand the price mechanism the DH works to for the delivery of services, as you say the language used to describe the purpose is not necessarily a good fit.

●I have to say that it is only recently that the Treasury have applied their rules about drawing funds in advance; as you will recall at the outset of the triennial funding arrangement, the MFT for example received full funding at the start of the financial year. Our drop in bank interest earnings confirms this where those earnings went to the disbursement fund.

I am glad that there was nothing untoward in seeing the paperwork, that was not the first message we received.

Jonathan, may I flag up a couple of points. The MFTs current triennial round of agreed funding comes to an end this financial year (8/09). There will be a need to talk about the ET as well.

I shall not go into detail in this e-mail but I have to report to you that there is no real enthusiasm for a merger of the Trusts, certainly at the moment. As I said, there was some real interest in terms of looking at what this might mean but I fear not now and possibly not at all. If the situation changes, I will come back to you.

Martin

Martin Harvey  
Chief Executive  
Direct Dial: [GRO-C]  
E-mail: martin@[GRO-C]

-----Original Message-----

From: Jonathan.Stopes-Roe@GRO-C  
[mailto:Jonathan.Stopes-Roe@GRO-C]  
Sent: 09 July 2008 15:16  
To: Martin Harvey  
Cc: Linda Haigh; Brian.Bradley@GRO-C; GRO-C  
Subject: Re: Funding

Dear Martin

Thank you for your email.

The purchase orders you have received were generated automatically by our new finance management system, which came into operation on 1 July. This system ensures that we raise prospective purchase orders for all of the Department's expenditure commitments for the financial year. Far from not being for your eyes, it is essential that all "suppliers" receive purchase orders.

While the commercial language of our finance system may not be a perfect fit for our grant-in-aid relationship with the two Trusts, I hope it is clear enough. In summary, we intend to "buy" from you £x worth of "service" during the year; and raise a purchase order accordingly. At intervals throughout the year, as each tranche of "service" is deemed to be "delivered", you will send us an invoice. We have previously agreed that this should be done quarterly in advance.

The values of the purchase orders are exactly the same as our commitment to you in our allocation letters dated 7 May and 28 April for Macfarlane and Eileen, respectively, after allowing for what has already been paid in recent weeks under the old finance system. In future years, the totals will match exactly.

The total values recorded in purchase orders do not represent cash lying idle. As you know, HM Treasury has strict rules against drawing funding in advance of need or delivery, and this applies as much to DH as to its "suppliers".

I hope this clarifies the arrangements for you and I apologise for any confusion that our new system may have caused.

Best wishes

Jonathan Stopes-Roe  
Deputy Director, Strategy & Legislation  
Health Protection Division  
Department of Health  
Wellington House  
GRO-C

"Martin Harvey"

<Martin@GRO-C  
GRO-C >

08/07/2008 17:13

<Jonathan.Stopes-Roe@GRO-C >  
To  
cc

"Linda Haigh"  
<Linda@GRO-C >

Funding

Subject

Dear Jonathan

May I ask for some clarification.

You may or may not be aware that, via the post, we received copies of two purchase orders from your Department (in your name) for 08/09 funding balances for both the MFT and the ET.

Unless I misunderstood the orders, it seems that the funding allocations for MFT and ET for the remainder of the current year are lodged with your Department, presumably earning interest!

I was under the impression that both trusts received quarterly payments because that was process that funds were distributed to your Department.

My Finance Manager was told that we should not have seen these orders. Can you please tell me why?

I feel bound to ask that if your Department has the full balances available for distribution now, is there any reason why they should not be passed on? You will appreciate that any interest generated is simply added to the disbursement funds.

With kind regards

Martin

(Embedded image moved to file: pic31720.bmp)

Martin Harvey  
Chief Executive

Direct Dial: GRO-C

e-mail: martin@GRO-C

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