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Ms Lynley

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Date: 4 March 1992

cc: Mr Scofield HC(A)4
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MEETING WITH THE MACFARLANE TRUST - 5 MARCH 1992

I attach briefing for Mr Heppell for the meeting with the Macfarlane Trust tomorrow. This includes a briefing note based on the Trust's paper and in case you would like to have additional background, I enclose the latest available report from the Trust for the Year ended March 1991.

GRO-C

D E BURRAGE

BRIEFING FOR MEETING BETWEEN OFFICIALS AND THE MACFARLANE TRUST

Background

The original Macfarlane Trust was set up in 1987 with £10 million to make weekly payments and grants to HIV infected haemophiliacs and their families on the basis of special need. When Kenneth Clarke announced the £20,000 payments to each infected haemophiliac in November 1989, he made clear the Government's commitment to ensuring that the original Macfarlane Trust had sufficient resources for its existing needs and to give more generous help to those in particular need. Following the announcement of the £42 million, the Prime Minister and the Secretary of State confirmed to the Haemophilia Society that the Government would keep under review the amounts available to the Trust.

Trust's Financial Position

At 31 March 1991 the Trust had capital reserves of £7.25 million and gross expenditure of 2.3m a year, which offset by interest received on the fund means that the Trust is spending around £2 million a year from capital. By the end of 1992/3 funds will have reduced to around £3m.

DH Funds 1992/93

A sum of £1 million is available in 92/93 if we need to provide additional funds for any of the Macfarlane Trusts making payments to HIV infected haemophiliacs. There are still some 16 payments to be made under the litigation settlement (including 4 cases where a higher rate payment is claimed and 2 recently received applications) at a possible cost of £370K. The Special Payments (No2) Trust is likely to need funds to make these payments. The Trust making the £20,000 payments is in the process of validating a new application; demands on it are down to a trickle, but will need to be funded when the need arises. It might be that £1/2m to £3/4m could be available for the original Macfarlane Trust. However this only represents 3-4 months spending and the Trust is not going to need an injection of this size in the immediate future. There is also the risk that an injection of this size in the immediate future could be misinterpreted either as a crisis injection or as a sign of waning government support. Our preferred course is to top them up periodically with sums to cover 2-3 years spending rather than spoon feed them annually.

PES Bid for 1993/4

Lat year Secretary of State decided to defer a PES bid for 1992/3 until the following year. At the same time he indicated that he was content to continue the policy of support for the Trust, but did not wish to take any initiative at that stage in respect of the commitment to be more generous. It was agreed with Treasury when the bid was deferred that general assurances could be given about further Government funding to the Trust if they raised the matter. This year, we are repeating last year's PES bid for £6 million to top up the existing funds to allow the Trust to spend at a rate of about £2.5m - £3.0m for 3 years. The Trust would be unable to ensure continuity of help without additional funds for 1993/4.