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Barton ✓

ABB o/R
cc Mr Brown
Mr Tyrell

Secretary of State

From: MS(H)
Date: 8 December 1989

FUNDING OF ADDITIONAL GRANT TO MACFARLANE TRUST: IMPLICATIONS FOR AIDS STRATEGY

I asked officials to work through the implications for our AIDS strategy in 1990-91 of the proposals set out in Mr McKeon's minute of 30 November to Ms Stuart.

What emerged was a choice between:-

1. A 17 per cent cut for the HEA AIDS budget (from £12 million this year to £10 million next year), and growth of only 4.2 per cent cash in the RHA/SHA allocation (as proposed by Ms Stuart).

OR

2. A 25 per cent cash cut for the HEA (from £12 million to £9 million), and a 5 per cent cash increase (in line with the inflation assumption) in the RHA/SHA allocation (as in Mr McKeon's minute).

The trouble with the second option is that it reduces the HEA's AIDS budget to less in cash terms than it was in 1988/89. It also reduces it below the £10 million mark, of which at least £1.3 million is earmarked for the National AIDS Helpline service. Inevitably this will be seized on by all those who have been saying the Government has lost interest in AIDS.

The first option is not quite so difficult, but it still requires a cut in the real value of the RHA/SHA AIDS allocation, at a time when more people with AIDS and HIV disease will be needing care and treatment. And it will be argued that it gives the HEA nothing for inflation above their 1988/89 allocation. It does though keep the HEA at £10 million in cash terms and we could argue this was reasonable on the grounds that the additional £2 million for the HEA this year was exceptional, to cover a TV campaign and an unusual amount of development work.

But we should be in a much stronger position in presenting our overall AIDS strategy if not more than £1 million of the money needed for the Macfarlane Trust came from AIDS monies. This would enable us to increase the RHA/SHA allocation by about 4.6 per cent which we could defend as "around 5 per cent", and make an increase of about 5 per cent the HEA's allocation for 1990/91 by comparison with 1988-89. We would have to say that 1989/90 was a special year.

If you agree we should try to keep as strong a position on AIDS as possible, could officials be asked to look again at the possibilities of finding the necessary extra £1 million saving elsewhere?

GRO C
V.B.