

D R A F T - MS(H) MINUTE TO S OF S

Copy: [As Mr McKeon's minute
of 30 November]

FUNDING OF ADDITIONAL GRANT TO THE MACFARLANE TRUST

I believe we need to look further at the proposals set out in Mr McKeon's minute of 30 November to Ms Stuart. If £2 million has to be found from the MacFarlane Trust from next year's HCHS and HEA AIDS Funds we are going to face great presentational difficulties.

The stark proposals are for either:

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

OR

2. A 25% cash cut for the HEA (from £12 million to £9 million), and a 5% cash increase (in line with the inflation assumption) in the RHA/SHA allocation (your proposal).

I believe the second option would be very damaging presentationally. It would reduce the HEA's AIDS budget to less (in cash terms) than it was in 1988/89, and would also reduce it below the psychologically important £10 million mark (of which at least £1.3m is earmarked for the National AIDS Helpline service). All those who have been saying the Government has lost interest in AIDS would conclude they were right.

Option 1 is also pretty unattractive in that it 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. It does at least keep the HEA at £10 million (in cash terms) and we could seek to justify this 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 it still gives the HEA nothing for inflation above their 1988/89 allocation.

I would much prefer another option - Option 3 - which provided that no more than £1m of the money needed for the MacFarlane Trust should come from AIDS monies. This should be divided equally between HCHS and HEA. This would mean an increase in the RHA/SHA allocation of about 4.6% which we could defend as "around 5%", and an increase of about 5% in the HEA's allocation for 1988/89 (1989/90 being regarded as a special year). If you agree, could officials be asked to look again at the possibilities of finding the necessary extra £1m saving elsewhere?