

MACFARLANE TRUST

Report to: Board of Trustees

Date of meeting: 21 January 2013

Report from: NSSC

Subject: Financial recommendations from NSSC meeting on 9 January 2013

At its meeting on 9 January 2013, NSSC considered proposals for an uplift to discretionary payments for 2013/14, and proposals for a winter fuel payment for the current financial year, copies attached. This was done in the context of the current financial position, and a potentially unfavourable response – still awaited – from the Department of Health regarding Mft's reserves and future funding allocations.

In the light of this, NSSC wishes to make the following recommendations to the board:

Uplift to discretionary payments

It is recommended that discretionary payments are increased by 2.2% for all income bands that currently receive the payments, but that the bands themselves are not adjusted. Based on current calculations, this would mean an increase in the total discretionary payments from £1.121m in 2012/13 to £1.146 in 2013/14, an increase of approximately £25k.

There was a difference of view amongst NSSC members as to whether Skipton Fund monies should be excluded, or continue to be included as at the current time. The Board is asked for its views on this. Assuming a 2.2% uplift is implemented, excluding Skipton Fund monies would increase the total of discretionary payments by a total of approximately £170k from 2012/13 to 2013/14, ie by a further £145k over and above the £25k which the 2.2% uplift will cost.

Winter fuel payments

NSSC would like to recommend a winter fuel payment to primary beneficiaries of £500 per household for those in the £0-7,600 and £7,601-15,200 bracket, and a payment of £250 for the remaining brackets up to £37,900. This would increase the 2012/13 deficit by between £106k and £127k (please see attached paper).

1. Costing for Winter Payments for 2012-13 PB's only

Ref:

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Payment per PB @	£500	£750	£1,000
Cost of Winter Payments	£179,000	£268,500	£358,000

	Number of beneficiaries	Level of Winter payment	Total
£0-7600	37	500	18,500
£7,601-15,200	116	500	58,000
£15,201-22,750	51	250	12,750
£22,751-30,000	47	250	11,750
£30,001-37,900	21	250	5,250
£0	45	0	0
TOTAL	317		106,250
Awaiting additional information	41	500	20,500
Maximum total			126,750

Income	2012-13				2013-14			Increase for three lowest benchmarks
	Yearly amount 2012-13	No. PBs	Total in £ per annum		Increase CPI 2.2%	Monthly	Increased total in £ per annum	
£0-7600	5,400	37	199,800		5,519	460	204,196	204,196
£7,601-15,200	4,080	116	473,280		4,170	347	483,692	483,692
£15,201-22,750	2,760	51	140,760		2,821	235	143,857	143,857
£22,751-30,000	1,500	47	70,500		1,533	128	72,051	70,500
£30,001-37,900	720	21	15,120		736	61	15,453	15,120
£0		45	0		0	0	0	0
1 Total received			899,460				919,248	917,364
2 Awaiting additional information	5,400	41	221,400		5,519		226,279	226,279
3 Total		358	1,120,860				1,145,527	1,143,643

Note

- 1 Total based on the Census Forms received
- 2 Estimated at the highest payment (if everyone responded and was put on the highest Discretionary Payment)
- 3 The highest total estimated

MACFARLANE TRUST

Report to: Board of Trustees
Date of meeting: 21 January 2013
Report from: Chief Executive
Subject: **Draft 2013/14 budget**

A budget for 2013/14 has been drafted based on similar assumptions to those behind the budget for 2012/13, attached. At this stage, preparing a meaningful budget is almost impossible, as a decision from the Department of Health regarding use of reserves and allocation for future years is still awaited.

The 2012/13 budget was £380k in excess of the allocation from DH; this deficit will be met from reserves. This, combined with additional in-year overspends in some areas, including for =mc, and the potential allocation of a winter fuel payment, may result in MfT being overspent by a total of approximately £649k at the year end. A similar deficit is projected in the draft budget for 2013/14, given that it is based on the same assumptions as last year.

In reality, given the pressure on public expenditure, it is likely that MfT will receive reduced allocations from the DH in future years and will be expected to apply at least some of its reserves to fill the gap between future allocations and those it has received in the recent past. If reserves are expected to be used in this way, it is unlikely that MfT will be in a position where it has sufficient reserves to continue to operate with deficit budgets each year. The Board may therefore need to make difficult decisions as to how to close the financial gap.

Further discussion and consideration will be required once the DH's decision is known.

MACFARLANE TRUST
BUDGET
Period: 01/04/13-31/03/14

Ref:

1 **Total allocation from DH - funding** **2,150,000**

		Budget 2013-14
Reg Pay		
2	Non-infected beneficiaries	1,050,000
3	Discretionary "Top Up" Payments	<u>1,146,000</u>
4	Fuel (Winter) Payment	<u>127,000</u>
		2,323,000
5 Grants		
	Office Guideline grants	50,000
	Exceptional circumstances & Trustee grants	25,000
	Designated fund	<u>70,000</u>
		145,000
Beneficiaries Groups		
6	Partnership Group	10,600
		10,600
7 Beneficiaries Events		
	Men Only Weekend	18,000
	Women only	6,000
	Family & Carers Weekend	20,000
	Events other	2,000
		46,000
Subcontractors		
8	THT	2,000
9	Debts Counsellor	5,000
10	Benefit Advice	20,000
		27,000
Total		2,551,600
Service Delivery Payments (SDP)		204,536
11	Total allocation from DH	1,945,464
Management costs		80,000
Net allocation		1,865,464
Shortfall/Surplus		-686,136

Please note:

- 1 Total allocation including the Service Delivery Payments taken away at source based on 2012-13
- 2 Based on the expenditure in 2012-13
- 3 2.2% increase including Skipton Fund payments
- 4 Payments are based on paying the 2 lowest bands £500, the 3 following bands £250 and not paying PBs with an income above £37,900
- 5 As per 2012-13 budget
- 6 Budget proposal figure
- 7 Estimated costs depending on venue and attendance
- 8 Estimated
- 9 Estimated
- 10 Increase is based on expected benefit changes and the effect on PBs
- 11 Allocation for 2012-13 based on current number of beneficiaries

Jan Barlow

From: Ailsa.Wight@ GRO-C
Sent: 14 January 2013 16:17
To: Roger Evans
Cc: ailsa.wight@ GRO-C; Catherine Hogan; Jan Barlow; Linda Haigh; Naomi.Balabanoff@ GRO-C; Rowena.Jecock@ GRO-C; Rosamund Riley
Subject: Re: MfT Financial Allocation 2013/14

Dear Roger

Further to our brief exchange of emails this morning, I am pleased to reply to your e-mail of 7 January 2013.

I appreciate that you want to know what the MfT allocation for 2012/13 will be, as well as the outcome of the reserves business case. However, we are still waiting to hear final responses from Ministers on both issues. January is usually the month in which we are informed of our budget allocations, so this is no later than usual. We expect to hear about the allocation in the next week or two, and we will be in touch as soon as we can provide further information.

With regard to your request to understand the principles that the Department applies to budget setting, the key point is that during the lifetime of the current spending review period, there remains downward pressure on central budget allocations. It is important that your Trustees understand that this is the overall direction of travel, although that is not to say that all budgets might be reduced every year. Very broadly speaking, allocations are likely to remain flat over the coming year. Any case for increased funding in future would likely need to be supported by exceptionally strong evidence of charitable need, if it is to stand any chance of being considered.

This, together with the changing policy on reserves, will require MfT (together with the other Alliance House discretionary bodies) to continue to make sure they live within their annual allocations. This means that there is a requirement to clearly define the basis on which the Board assesses the charitable need of its beneficiaries in a consistent and transparent way, and payments adjusted accordingly. We appreciate that there is limited time for you to do this, between us being able to notify you of your allocation and the start of the new FY, so some contingency planning would seem wise. Your Trustees will, I'm sure, be concerned to focus support for those in greatest need within your beneficiary community.

I hope this is helpful. I agree we should continue to liaise in coming months, and we will of course let you know as soon as we have anything further on the specific points you raise.

Very best wishes for the New Year.

Kind regards

Ailsa

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07/01/2013 09:05

To Ailsa Wight/PH6/DOH/GB@DOH

cc

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Subject MFT Financial Allocation 2013/14

Dear Ailsa,

My Board and I are very anxious to receive from DH information on our financial allocation for 2013/14 as well as a Ministerial response regarding the Business Case which we submitted to you in early November.

You will recall that we had a discussion at the annual review meeting on 26th November. Since then we have received no response from you. This is making it very difficult not only to plan for next year but also to manage the expectations of beneficiaries for the proposed release of reserves monies.

At the meeting you also kindly offered to send us a financial principles document straightaway; we have not seen this either, despite my reminding you and your team before Christmas.

Our next Board meeting is on 22nd January, which is the final one before the end of the financial year. It is essential that we develop our financial strategy at that meeting and we do need the above information to do so.

We regard it as important that DH and MFT work together in the coming months during a period which is likely to be challenging and difficult for all of us

Best Wishes,

Roger

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