

## RESTRICTED – POLICY

PS/MS(PH)

From: Brian Bradley HP S&L

Date: March 2007

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Mr W Connon  
Mr J Stopes-Roe

### Macfarlane Trust – funding

#### Issue

1. The Chief Executive of the Macfarlane Trust has replied to our allocation letter for 2007/08. He has asked for his letter to be put to the Minister. MS(PH) may wish to reconsider the allocation for next year in the light of the MFT's letter

#### Timing

2. Routine: The MFT has been given its allocation for 2007/08 in good time to plan the year ahead.

#### Background

3. MS(PH) may recall that the Macfarlane Trust (MFT) was created by DH in 1988 to make *ex gratia* payments to haemophiliacs who were infected with HIV as a result of NHS treatment with contaminated blood or blood products, and to their families and dependents. The Eileen Trust (ET) was created for non-haemophiliacs in parallel circumstances and is run in tandem with the MFT. Although this letter is not about the ET, they may seek to link their case to this one.
4. MS(PH) met with the Chairman and fellow representatives of the MFT (and ET) on 12 July 2006. The note of that meeting and the subsequent letter to Mr Stevens, the then chairman of the MFT, are both attached. That meeting focussed on the MFT's "business case" for doubling their previous level of funding. The letter from MS(PH) gave them a substantial increase for 2006/07 (£360k on a baseline of £3m), but fell short of their ambitions for £7m *per annum*.

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5. The recent funding history of the MFT and ET and their indicative future funding is as follows:

	2005/06	2006/07	2007/08	2008/09
MFT	£3,341k	£3,778k	£3,778k	£3,778k
ET	£80k	£214k	£215k	£215k
Total	£3,421k	£3,992k	£3,993k	£3,993k

Note These figures include administrative costs, some of which are currently paid by section 64 grants

6. The MFT are not content with the allocation for 2007/08 and feel that the perceived change in direction of funding policy should be confirmed by the Minister.

### Argument

7. The main points made by the MFT are:
- The increase should be larger and at least inflation linked, because the health sector 'basket' from which they purchase many services is rising faster than inflation. Our view is that these are *ex gratia* payments designed to ease their financial situation, not a substitute for welfare or other benefits
  - The move to providing funding on a quarterly basis in arrears will inhibit their generation of interest from cash deposits. This is standard Government funding practice. Indeed, we have been asked by Central Finance to 'back load' all spending profiles so that 70% falls in the second half of the year. We do not think it reasonable to go that far in the case of the MFT.
  - They complain that this payment regime would force them to set up an overdraft. However, we understand that the MFT holds a bank balance of approximately £4m. We do not, therefore, understand the claim that this practice will cause them to require an overdraft.
  - The Trust settlement requires that new registrants receive an initial single payment on acceptance of their registration and must then sign a waiver of legal action in return. These 'new cases' have been separately funded by DH. In fact, there have been only three such cases since 2005, with claims amounting to £71k. We are now proposing that all new cases are paid directly by MFT as, in the context of a smaller, more focussed Department, it is not appropriate for DH to continue assessing and paying these claims. The proposed settlement includes an extra £100k *per annum* for new cases to cover this expenditure. This is likely to be advantageous for MFT, since few, if any, new cases are likely to arise, but they get to keep the funding which, previously, would have been retained by DH. We now hold no ring-fenced fund for this purpose.
8. As indicated in MS(PH)'s letter of 27 July 2006, we have, in fact, carefully considered the business case and have increased the MFT's budget accordingly, within the bounds of what is affordable. It has not been "disregarded".

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### **Conclusion**

9. MS(PH) is invited to agree that officials reply to Mr Stevens, saying that she has seen and considered his letter but is not inclined to increase the MFT's allocation for 2007/08.

### **Attachments**

- A Mr Stevens' letter of 7 March 2007
- B Allocation letter of 15 February 2007
- C MS(PH) letter of 28 July 2006
- D DH note of meeting on 12 July 2006