

RESTRICTED - POLICY

Ms Roughton

From: J M Brownlee - F1

Date: February 1995

cc: Mr Shaw
Dr Metters
Mr Heppell
Mr Podger
Mr Scofield
Mr Blake
Dr Rejman
Mr Brownlee
Mr Kelly

HEPATITIS C - PAYMENTS SCHEME - CONTINGENCY PLANNING

1. I have seen Mr Scofield's submission of 10 February and felt that it may be helpful for you have a financial perspective when looking further at this difficult matter.
2. Past experience has been that obtaining Treasury agreement was not an easy matter and was somewhat time consuming. In this case their agreement would have to be sought both to the amounts involved as well as to the conditions which will have to be satisfied before any payments are authorised. Furthermore, Treasury would not be willing to agree to any scheme whose costs may amount to £500m without strong political support nor would they agree to us implementing such a compensation scheme before clear legal advice is available on the likely outcome of the case if it went all the way.
3. The last major claims for compensation were in 1992 and involved those who had been infected with HIV through blood transfusions. At that time the Chief Secretary to the Treasury agreed to the scheme only after the intervention of the Prime Minister and on the basis that SofS gave an undertaking that the Department would face up to any subsequent compensation requests from other groups. This assurance was deemed by CST to have been given by SofS in his letter of 12 February 1992. However, it could be argued that this assurance was given solely in respect of people infected with HIV. One of Treasury's concerns about the 1992 scheme was that it took us a further step down the road of no fault compensation.
4. As far as the previous schemes were concerned the overall costs were met internally by the Department through a combination of top sliced funds from Vote 1 and underspends elsewhere. Because of the scale of costs envisaged it is, as Mr Schofield mentions, most unlikely that on this occasion these could be found internally.
5. There still remain the calls for compensation by other groups such as those affected by growth hormone transplants. Any solution proposed in this instance will need to take into account the possibility of subsequent litigation on matters such as this.

Room 519

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