

Secretary of State

From: Martin Campbell FID-RPA

Date: 28 August 2003

Copies: Richard Douglas
Richard Gutowski

HEPATITIS C COMPENSATION SCHEME

Issue

1. The Chief Secretary's letter sets out a number of concerns about the proposed Hepatitis C compensation scheme.

Summary

2. I am content that the costs and risks are manageable and, in particular, this scheme does not create a precedent that will create liability for similar, future claims. I have discussed with Richard Douglas and he is in agreement.

Costs of the proposed scheme

3. We will be able to absorb the costs of the proposed scheme within current DH budgets.
4. If we can account for the costs against 2002/3 budgets this will make absorbing the costs significantly easier. This is dependent on any announcement making reference to the initial announcement by Scotland in January this year. We then assume that liability (in an accounting sense) exists from that point. This will then give us a reasonable chance of NAO agreeing to our proposed accounting treatment of the costs.
5. If we must absorb the costs in 2003/4 then this will make it much more difficult for us to live within our budgets this year. I recommend that when we consider the formulation of the scheme we make reference to the earlier Scottish announcement.

Wales and Northern Ireland

6. On the assumption that policy for this is devolved to the Welsh Assembly and the NI Office then we should not have to pay for the costs of a compensation scheme in these countries. In any case, the costs will be tiny compared to those in England.

Creating a precedent

7. I do not believe that setting up a compensation scheme for Hepatitis C sufferers will create a precedent for future campaigns on similar issues for two reasons.
 - The payments we will be making will be ex-gratia and therefore we will not be admitting any liability.
 - Secondly, we have already set up two similar schemes (the Macmillan and Eileen Trusts) to compensate patients who contracted HIV through infected blood products which created no precedent.

Martin Campbell

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