

BLN/23

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From the Secretary of State for Health

IMC: 15482

The Rt Hon Andrew Smith MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
London SW1P 3AG

11 December 2000

Dear Andrew

vCJD

When we met this afternoon we discussed a range of funding issues in relation to vCJD. This letter sets out the points we agreed.

As part of our jointly agreed strategy for reducing the risks of spreading vCJD, I agreed to find £25m from my Department's budget to fund the revenue costs of introducing single-use instruments for tonsillectomies. However, I made clear that I do not see this as committing my Department to fund the extension of single-use instruments to other procedures should that prove necessary. The costs of extending single use instruments beyond tonsillectomy could be very significant. I reserved my right to come back to you for help with funding in such circumstances. You agreed it would be appropriate for us to talk again if we had to extend single-use instruments to other areas.

On decontamination, we estimate the capital costs of a programme to bring 56% of facilities up to accreditation standard at around £200m over the next two years. I am grateful for the £100m you have offered from the Treasury Capital Modernisation Fund to help meet the costs of this improvement programme in 2002/03. This is helpful. I have set aside money from my Departmental Unallocated Provision to meet the costs of this programme in 2001/02. However, given the other significant pressures I face next year, any further funds you could offer from the Capital Modernisation Fund would be extremely helpful. You agreed to consider this in the light of the findings from our review of decontamination requirements which will be available early next year.

Finally, you agreed that the costs of the compensation scheme we are trying to set up (ie to deal with up to 250 cases) should be borne from the reserve. My officials are preparing a more detailed note on the compensation arrangements generally in the light of our discussion.

GRO-C

ALAN MILBURN

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