



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

**RESTRICTED - POLICY**

Rt. Hon. John Reid MP,  
Secretary of State for Health,  
Department of Health,  
Richmond House,  
79 Whitehall,  
SW1A 2NS

27 August 2003

*Dear Secretary of State,*

**ANNOUNCEMENT OF EX-GRATIA SCHEME FOR VICTIMS OF  
HEPATITIS C**

I am writing following our conversation of earlier today about your proposed announcement tomorrow of an ex-gratia scheme for victims of Hepatitis C in England infected as a result of treatment with NHS blood or blood products.

2. I have real reservations about this course of action, as I have made clear, but well understand the pressures upon the government in England and Wales to which you referred. The risks, however, are real and the precedent for other cases where there is no formal liability profoundly unhelpful.

3. I am, however, reluctantly prepared to agree to you making an announcement tomorrow, subject to the following conditions:

- agree to meet the full costs of the scheme from your current settlement, and that you agree not to make a claim on the reserve to meet these costs, or seeking additional funds to cover them in the forthcoming Spending Review;
- that you discuss your proposal with Wales and Northern Ireland and, on the assumption that policy responsibility is also devolved



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(or the responsibility of the NIO during the suspension of the NIE), reach agreement with them as appropriate concerning any announcement of their introducing similar arrangements for Hepatitis C sufferers. This must also be on the understanding that no reserve claim or bid for additional resources in Spending Review is to be made for these costs either. If in the case of Wales legal advice subsequently confirms that the policy is reserved, and there is therefore an issue about who should bear the costs, you must reach agreement with them as appropriate about how the costs are to be met or, failing that, agree to cover all such costs yourself;

- that you further agree, and secure a similar agreement with the devolved administrations, that the Department of Health and devolved administrations will meet in full any future costs incurred should there be a legal obligation put in place comparable payment arrangements arising from any compensation awarded as a direct result of the precedent set by the establishment of this scheme.

4. In handling this announcement it will be vital to minimise the risk of setting a damaging precedent for other areas. You will want, therefore, to make it clear that this is a unique case whose special characteristics justify the solution adopted. You will, I know, also wish to be proactive in your presentation strategy to ensure this message gets across.

5. I am copying this letter to Peter Hain, Paul Murphy, Alastair Darling, the Prime Minister, and Sir Andrew Turnbull.

GRO-C

*PP* PAUL BOATENG

*Approved by the Chief Secretary  
and in the name of the*