

*Ms Stuart has a copy of this*

8 NOV 1990

Mr Brownlee FBI

From: C P Kendall FA2

Date: 8 November 1990 20/208

Copy: Mr Luce FA

Ms Stuart FB -

CONFIDENTIAL

HAEMOPHILIACS/AIDS

I mentioned to you that Mr Waldegrave was briefed on the haemophiliacs with AIDS issue yesterday. There was, I think, little formal difference between his line and Mr Clarke's: that it would be sensible to reach a settlement with the plaintiffs if that can be done at acceptable cost. Behind that similarity however lay a greater inclination to settle, and I suspect some willingness to settle at a somewhat higher cost.

2. The question of finance was touched on without being fully explored. Mr Waldegrave seemed to accept that he would need to approach Treasury for additional funding, having been assured by me that existing programmes would not be able to find the sums involved. He seemed fairly optimistic (somewhat more than I am) that the Chief Secretary would agree to find extra funds, but seemed also to take the view that if he tried and failed this would strengthen his position with his colleagues if the political fall-out later was overwhelming.

3. It also became clear at the meeting that meetings between lawyers are continuing, and the plaintiffs solicitors are likely to suggest that their clients would accept a settlement on the right terms. It is thought that they will suggest about £40m. Whether this is an opening bid to be increased "in the light of the client's resistance to such a small sum", or something that could be negotiated downward, is unclear.

4. After the meeting Mr Heppell was unwilling to commit himself to the next step, awaiting further information on the lawyers' meeting (expected today). It is quite possible that we will soon move to a submission reporting an offer from the plaintiff's side, linked to a draft letter to Treasury. At that stage I think we will need to include something on the inability of existing programmes to accommodate that sum, and cover the suggestion (that will surely come from the Treasury) that some contribution should be made.

5. You may wish to start thinking about this, but I will let you know when something more definite is available.

GRO-C

C P KENDALL

Room GRO-C

Friars House extn GRO-C