

CONFIDENTIAL

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1. Mr Heppell
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From: J C Dobson
EHF1
Date: 9 November 1990

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Mr Powell*
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Mr Kendall
Mr Canavan*

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HIV HAEMOPHILIAC LITIGATION

1. I attach a copy of a proposed scheme of compromise which we have just received from the plaintiffs. A very preliminary assessment follows: we will submit our considered advice to Secretary of State on Monday.

2. The document proposes a settlement at a cost of about £42m, and an allocation of this total figure to various categories of plaintiff. The total cost to the Exchequer would be considerably higher once account is taken of:

- i) the 20 or so "medical negligence" cases, which are to be resolved separately;
- ii) legal costs for the plaintiffs;
- iii) the cost of suspending the normal state benefit rules.

In total therefore the value of the package is likely to be of the order of £50m, which on top of the payments already made of £34m means that the cost approaches that of a full settlement.

3. Paragraph 2 of the proposal points out that it is made with the authority of the steering group of the plaintiffs' solicitors, but without the knowledge of their clients. There is therefore no guarantee at this stage that the Steering Group would be able to sell the proposed settlement to all their clients. Before Secretary of State gives any degree of commitment to a settlement along these lines, we believe that he should seek an assurance from the plaintiffs' solicitors that the vast majority of their clients will sign up to it.

4. Other possible sticking points, on which we will advise further, are the proposals on state benefits (paragraph 7), the handling of the medical negligence cases (paragraph 8), and the proposals on costs (paragraph 9).

GRO-C

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EH