

To: Helena Feinstein

From: Gerard Hetherington

Date: 29 March 2005

Copy: D Harper HP
A Wight HP
W Connon HP
G Robb HP
Z Seedat

Hepatitis C: Skipton Fund

Issue

SofS met Andy Kerr on 23 March and requested an update on progress, with the Skipton Fund background at Annex A.

Line to take

The fund has been operating since July 2004 and is projected to pay over £70 million to almost 3,000 people, by 31 March 2005. Finalising the detailed arrangements of the scheme, e.g. the appeals procedure, have taken longer than expected but are now being developed and finalised. I attach a short letter for SofS to send to Andy Kerr at Annex B.

Background

This department engaged a private company, limited by guarantee (The Skipton Fund) to operate, assess and make the payments. The administrative costs and policy input are shared by the devolved administrations. Due to the need to establish the scheme very quickly, we had to put arrangements in place rapidly so that payments could be made and officials are still finalising some of the administrative details.

DH officials have attended meetings in Edinburgh twice so far this year, with the other devolved administrations, in order to finalise details of the scheme. There are still some issues to be resolved, such as the appeals procedure, which is being developed urgently with a view to being in place as soon as possible.

Scottish colleagues continue to be lobbied hard by the Scottish Haemophilia Forum (SHF) for a more generous and extended scheme (e.g. they would like it to cover dependants) and they are pressing hard for a public inquiry in Scotland. They are also unhappy that the appeals procedure is not finalised.

The Smoking Health and Social Care (Scotland) Bill is going through the Scottish Parliament where it is currently in committee. As it contains a clause on the Fund, SHF has submitted oral evidence, taking the opportunity to reopen the debate and ask for a public inquiry. We understand that SHF will give further evidence to the committee on 10 May. There is, therefore, some

pressure in Scotland for rapid progress and I suspect this is why Andrew Kerr raised this with SofS at this stage.

Conclusion

We are working as quickly as possible to finalise the legal and administrative arrangements for the scheme and this is being done with the full co-operation of officials in the DA's. We are currently exploring the possibility of using the Appeals Service to hear these appeals and will ensure that DA's are in full agreement before any decisions are taken.

We are aware that some people would like the Government to set up a public inquiry into this issue. Whilst there is great sympathy for those infected with hepatitis C and the Government has considered the call for a public inquiry very carefully, this has been rejected.

It is important to stress that despite the decision to make ex gratia payments, the position with regards to accepting liability has not changed. The Government does not accept that any wrongful practices were employed and does not consider a public inquiry justified. Donor screening for hepatitis C was introduced in the UK in 1991 and the development of this test marked a major advance in microbiological technology, which could not have been implemented before this time.

Gerard Hetherington
Head of Health Protection
Department of Health
Room 170 Richmond House
79 Whitehall
London
SW1A 2NS
Tel: GRO-C

Skipton Fund

Skipton Fund is the company that has been established to administer the hepatitis C ex gratia payments scheme ("the scheme") on behalf of the four health administrations.

The company was set up under the auspices of The Macfarlane Trust ("MFT"), which is a charity that was founded in 1987, funded by the Department of Health, to provide support to people with haemophilia who were infected with HIV through their treatment by the National Health Service. Some time after the announcement on 29 August 2003 of the scheme, MFT were asked by the Department of Health ("DH") whether they would be prepared to administer the scheme. In December 2003 the Trustees of MFT agreed to do so, subject to certain conditions, and proceeded during the early months of 2004 to work closely with officials from DH and the devolved administrations to design both the operating procedures of the scheme and the administrative vehicle.

Because the scheme was not a charitable activity, MFT could not directly undertake the task. A company limited by guarantee, Skipton Fund Limited ("Skipton"), was, therefore, set up as the most appropriate entity. In the interests of speed of implementation and, subsequently, of operation, and in order to make best use of the expertise of MFT in handling such a task, four directors were appointed who were Trustees of MFT, two of whom were appointed as such by DH and two by the Haemophilia Society.

Following protracted development with the four health administrations of operating procedures, in particular the criteria for determining eligibility for receiving payment and an application form to ascertain for each applicant whether these criteria had been met, Skipton started operations on 5 July 2004. The choice of this date shortly before the summer holiday season led to some early operational difficulties, which were overcome in the autumn.

Skipton is now staffed by an Administrator, and one other staff member. All Skipton's payments are made through the finance department of MFT, using proven systems. Frequent progress reports are supplied to the officials of the four health administrations.

The scheme provides for payments of £20,000 (Stage 1) to those who meet the medical criteria that show infection through NHS treatment, and for subsequent payments of £25,000 (Stage 2) to those whose infection has led to serious liver disease.

ANNEX B

To: Andrew Kerr MSP

Following our meeting on 23 March I have asked officials for details of progress on ex- gratia payments by the Skipton Fund to people infected with Hepatitis C from contaminated blood products.

The Fund continues to receive applications and will have made payments to around 3,000 people, at a projected total of £70 million by 31 March 2005. The fund produces regular monthly statistics of all applications and payments, which are copied to officials in the Scottish Executive, and provide a more detailed analysis of payments.

As you know, we had to establish the scheme very quickly and put arrangements in place rapidly so that payments could be made. As a result, officials are still finalising some of the administrative arrangements. I am informed that my officials have attended meetings in Edinburgh twice so far this year, with colleagues in the Scottish Executive, in order to finalise the details of the scheme. There are still some issues to be resolved, such as the appeals procedure, which is being developed urgently with a view to it being operational as soon as possible.

I am aware of pressure from some people for the Government to set up a public inquiry into this issue. We have great sympathy for those infected with Hepatitis C and have considered the call for an inquiry very carefully. However, as previously stated, the Government does not accept that any wrongful practices were employed and does not consider that a public inquiry is justified. Donor screening for hepatitis C was introduced in the UK in 1991 and the development of this test marked a major advance in microbiological technology, which could not have been implemented before this time.

I would therefore like to reassure you that we are working as quickly as possible to finalise the legal and administrative arrangements for the scheme and this is being done with the full co-operation of officials in the DA's.

John Reid MP
Secretary of State