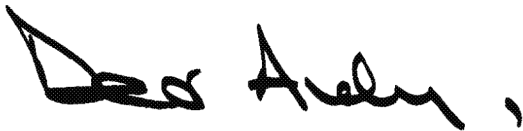


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04 APR 2005



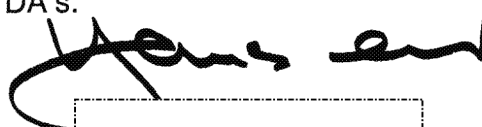

Following our meeting on 23 March I have asked officials for details of progress on ex-gratia payments by the Skipton Fund to people infected with Hepatitis C from contaminated blood products.

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 provides 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