

Witness Name: Richard Hughes

Statement No.: WITN7749001

Exhibits: n/a

Dated: 14/03/2024

INFECTED BLOOD INQUIRY

STATEMENT OF RICHARD HUGHES

I provide this statement in response to a request under Rule 9 Request of the Inquiry Rules 2006 dated 7 March 2024.

I, RICHARD HUGHES, will say as follows: -

1. *Please set out what information has been provided to the Office for Budget Responsibility (“OBR”) by the Government regarding infected blood compensation payments.*

Infected blood compensation payments are an area where the Government has committed to some future payments but has not yet provided sufficient detail, *inter alia* regarding their magnitude, timing, or source of funding, to enable us to include them in our central economic and fiscal forecast. There are always a number of these ‘risks’ to our forecast which we look to disclose in our *Economic and fiscal outlook (EFO)* and *Fiscal risk and sustainability (FRS)* reports. Each time we publish a new EFO or FRS, we ask the Treasury for an update on the relevant policy. For our most recent EFO forecast in March 2024, we asked the Treasury for details on infected blood compensation payments and received the following response:

- *“The government is considering the existing recommendations made by the Infected Blood Inquiry in its interim reports. The Inquiry has also announced that its final report will be published on 20 May, and the government will need to consider the final conclusions carefully. The government will therefore respond to the Inquiry’s recommendations following the final report”.*

The response confirmed that the Government’s policy on compensation payments has not been finalised and so remains a risk to our forecast.

2. *The Inquiry’s second Interim Report, published on 5 April 2023, was concerned with the framework for compensation for those infected and affected by infected blood and blood products and contains the Inquiry’s recommendations on compensation. When did the OBR become aware of the Inquiry’s second Interim Report?*

The OBR was aware of the second Interim Report from around the time of its release in April 2023.

3. *What is the basis for the OBR’s apparent understanding that the Inquiry’s Final Report will contain “further recommendations” for compensation and that the second Interim Report’s recommendations are not “sufficiently certain”?*

The response given to us by the Government (set out in the answer to question 1 above) forms the basis of the text on infected blood compensation payments set out in paragraph 3.45 of our March 2024 EFO:

Infected blood compensation payments. *In July 2017, the Government announced an inquiry into the use of infected blood products used for transfusions in the 1970s and 1980s. In August 2022, the Government accepted the recommendations of the inquiry’s interim report to provide interim compensation payments of £100,000 to those currently in receipt of support from one of the four support schemes. The final report is due to be published in May 2024, and we will incorporate the impacts of any further recommendations into our forecast once they are sufficiently certain*

For the fiscal consequences of infected blood compensation payments to be sufficiently certain for us to include in our forecast we would need:

- the estimate of the precise amounts,
- the timing of when the payments are to be made,
- whether payments will come from within existing spending plans or from new spending,
- the spending classification of the payments (will they be within departmental expenditure limits or annually managed expenditure), and
- how the payments will be treated in the National Accounts (which is the basis for our fiscal forecast).

When the Treasury is able to provide us with information on all these aspects we will include the payments in our forecast.

Statement of Truth

I believe that the facts stated in this witness statement are true.

Signed _____ Richard Hughes _____

Dated _____ 14 March 2024 _____

Table of exhibits:

Date	Notes/ Description Exhibit number