

CC: Mr Kendall - By Fax

Mr Heppell

Miss Pease

Ms. Stuart

Mr Dobson

Mr Powell

Mr Canavan

Mrs Firth

LIE 16



Rt Hon David Mellor MP
Chief Secretary to the Treasury
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From the Secretary of

State for Health

25 March 1991

L. Smith

HAEMOPHILIACS WITH HIV

Thank you for your letter of 11 March about funding for payments that may be made to plaintiffs.

2. I must express concern at the line you are now taking about meeting legal costs from the Reserve. My understanding of the discussions last year accords with that of Ian Lang, namely that compensation costs and reasonable legal expenses for the plaintiffs would be made available from the Reserve. The current claim for these legal expenses is around £6 million, considerably more than the very provisional figures mentioned earlier. I cannot defend meeting legal costs at the expense of patient care, particularly at a time when the radical changes in the NHS next year will put budgets under pressure. I must thus ask you to maintain your earlier agreement to meet legal expenses from the Reserve.
3. A further point that I should mark up is that we cannot be sure how many claimants may come forward. If their numbers increase, £42 million may be inadequate to fund their withdrawal of claims. If so, we may need to discuss the position further.
4. As your officials have been told, it is now improbable that payment will be made in this financial year as the legal process has not been completed. Therefore the £42 million can be surrendered this year but will be required from the Reserve in 1991-92. I trust you can agree to this.
5. I am copying this letter to Peter Brooke and Ian Lang.

GRO-C

WILLIAM WALDEGRAVE

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