



THE SCOTTISH OFFICE

Solicitor to the Secretary of State

New St. Andrew's House
Edinburgh EH1 3TE

Ronald Powell Esq
Office of the Solicitor
Department of Health
New Court
48 Carey Street
LONDON
WC2A 2LS

Telephone 031-244
Fax 031-244 4785 4922

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Dear *Am*

HIV/HAEMOPHILIA LITIGATION

I should apologise for the silence from this end substantially throughout May during which time you let me have the final drafts and indeed the final form of the English terms of settlement and the trust deed. During that time we have been endeavouring to settle the Scottish terms of settlement with the Scottish Solicitors Steering Group. We are now almost there. We have had their Senior Counsel's revisions, and apart from arriving at a position on repayment of fees in cases which are not in court we are almost ready to settle.

The final form of the trust deed which you let me have on 10 May did not unfortunately contain the form of undertaking and schedule 4 which I think are necessary for Scotland. We have been in touch with the MacFarlane Trust and advised them that we will let them have the revised form of undertaking in due course. I am writing to them today with that revised form of undertaking. My main purpose in writing to you however is in relation to the terms of the trust deed and in that connection I attach the revised form of schedule 3 - form of undertaking and the revised form of schedule 4 which is the schedule of Scottish adaptations.

I think the terms of the trust will have to be varied in terms of the power in clause 34. I think I probably leave to you the matter of obtaining prior written consent of the trustees to such a change. I think it is probably unnecessary to await acceptance of the formal terms of settlement since the MacFarlane Trust are I know in a position now to make payments to non litigants in Scotland, and I think the only matter outstanding between us and the Steering Group in Scotland is the question of fees.

I will obviously let you know when we have got a settlement in Scotland. In the meantime it may be appropriate however for you also to get in touch with the MacFarlane Trust on the question of the Scottish adaptations. If you want to discuss the matter or if there is anything further that you need from me at present then please do not hesitate to get in touch.

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Finally I should perhaps say that since 3 June I have taken over the Division which has responsibility in Scotland for matters concerning health and therefore my interest in the haemophiliac matter has transposed from the litigation interest to the Departmental Legal Adviser's interest. To that however are added all the other matters which concern the Department of Health in Scotland. It may be therefore that we are in touch on other matters.

GRO-C

RICHARD M HENDERSON