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SLS: B88/W1009

SofS

Minister

Perm Sec

CNO

DR. Mettles

DR. Rubery

MR. CHRISTOPHERSON

DR. WRIGHT

MR. M. SKINNER

MR. P. KENDALL

Michael Brown

MR. J. MIDDLETON

Heather

Sp/adv

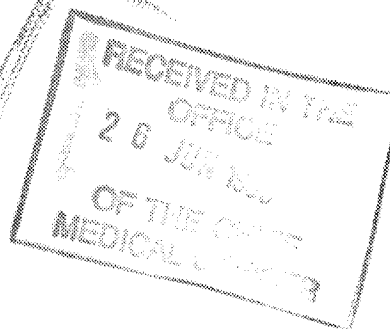


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RESTRICTED POLICY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Frank Dobson MP
 Secretary of State
 Department of Health
 Richmond House
 79 Whitehall
 LONDON
 SW1A 2NS



24 June 1998

Dr Frank,

NEW VARIANT CJD AND BLOOD PRODUCTS

Thank you for copying to me your minute to the Prime Minister of 19 June. I have also seen Angus Lapsley's letter of 22 June recording the Prime Minister's response.

2 As I made clear in my letter of 16 March, there is no prospect of further money for Health in 1998-99. The additional provision for Health in the Budget was made on the basis that it would cover all potential pressures this year, and the risks on blood products were known well before the start of the financial year.

**RESTRICTED POLICY**

3. I am also concerned at the apparent deterioration of the position of the National Blood Authority's plasma products operations. Your original estimate of the costs of increasing the subsidy for the Bio Products Laboratory in 1998-99 was £18.4 million. I understand that forecast costs have now risen to £28 million at BPL, plus a further £8 million from loss of sales of UK fresh frozen plasma. This calls into question the long term viability of BPL, and reinforces the case for a radical look at options for the future which I suggested in February. That work now needs to be taken forward urgently, and I would be grateful if my officials could be involved.

4. I am copying this letter to the Prime Minister, Donald Dewar, Ron Davies, Mo Mowlam, Jack Cunningham and to Sir Richard Wilson.

A handwritten signature in dark ink, appearing to read 'Alistair Darling'.

GRO-C

ALISTAIR DARLING