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BLA 1/9
VOL 3

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D Harris Esq
DHSS
Friars House
Blackfriars Road
LONDON
SE1 8EU

Your reference

Our reference

Date

11 November 1982

Dear D. Harris,

BLOOD PRODUCTS LABORATORY - RE-DEVELOPMENT

Thank you for your letter of 21 October seeking approval to proceed with redevelopment of the BPL along the lines of Option B with a capacity of 400 tonnes FPP as described in the investment appraisal which you sent me.

We thought, if I may say so, that the appraisal was a very good piece of work, and that it confirmed that we were right to give approval in principle to this project last year.

I was rather puzzled by paragraph 5 of your letter. When we spoke you told me that your proposal is to set a budget cost limit to the BPL and to the contractor at the lower figure of £21.1m, but to be ready yourselves to approve further expenditure up to £22.6m should it be necessary to do so. I understand that your Ministers believe that such an arrangement will apply a strong incentive to the BPL and to the contractor to carry out the redevelopment as economically as possible. Since a cost of £22.6m rather than the lower figure would not change the outcome of the investment appraisal, we are willing to approve a budget cost figure of that amount (at November 1981 prices) and to leave it to you to make your own arrangements with the BPL if you wish them to work to the lower figure.

Yours sincerely,

GRO-C

cc. As per distribution of original letter to Treasury.
+ Mr S. Godfrey ✓

J G COLMAN