

111-12 98/10
1. Mr John
2. Mr Adams
160
10
(18A)

To see.

AGB 27/10

Dr Harris

FUTURE PRODUCTION OF BLOOD PRODUCTS IN THE UK

1. I chaired a meeting yesterday, attended by Drs Tovey, Oliver and Walford, to discuss the basis of a submission to Ministers. Basically we concluded that there was no likelihood of finding a mixed system (NHS-run BPL plus commercial involvement) which was likely to be both economic and attractive to the private sector; and that the long term choice was between

- (i) rebuilding and expanding the BPL as a NHS enterprise to achieve complete or virtually complete NHS self-sufficiency, and
- (ii) moving over to commercial supply (ie contracting out the fractionation of NHS plasma) on a basis which would secure the future of the BPL staff.

The first might be achieved with private sector money (including sale and lease-back of the Elstree site), thus avoiding our capital problem. But there would be many hurdles to cross.

2. Assuming, as seems likely, that Ministers will not rule out option (ii) on principle, we shall seek agreement to entering into discussions, via Supply Division, with the interested commercial firms to establish what sort of service they would be prepared to provide, on what terms and on what timescale.

3. Given that we have not so far been able to mount any challenge to the Medicines Division Report on BPL (has this now become impossible?) we shall, as I see it, have to put to Ministers a basic choice between keeping the BPL going with such improvements as we can afford until such time as money can be found to replace it - but without commitment as to timing - and committing themselves now to replacing it within a definite period, say 5 years. We shall have to tell them that the first will not be acceptable to the Medicines Inspectorate and will make it difficult if not impossible to get their acceptance of any interim improvements as adequate. The decision, in effect, to override the Inspectors would have to be defended publicly, which would be both inherently awkward and, I imagine, potentially damaging to the standing of the Inspectorate.

4. Until we have made this submission I do not see how we can send any reply to Medicines Division which accepts implicitly or explicitly the necessity of early rebuilding of the laboratory, or depends for its acceptance by Medicines on the assumption that there will be early rebuilding. As I understand it the interim improvements suggested in the draft letter attached to Dr Walford's minute of 9 October would be likely to be acceptable only on the basis of early rebuilding.

5. I have, I am afraid, further difficulties about Dr Walford's draft. The suggested interim improvements would require not only "stop-gap" and its implications (for which funds are not yet budgetted) but further expenditure on both capital and revenue account, the latter very substantial according to Dr Lane's assessment. The availability of this money can by no means be assumed. Certainly there will be no extra in 1979/80. Until we have explored the financial position further we cannot put forward these proposals to Medicines Division except in very tentative and contingent terms; and I am myself doubtful of the desirability even of that, although I do see the desirability in principle of a positive reply.

6. There are some minor points too. For example I would have thought the introduction of contract cleaning would be very difficult to achieve in 1979, not least because of the likely staff and Union reaction and the need to negotiate arrangements to protect the interests of existing staff.

7. One possibility would be to send a holding reply to Medicines and to put the list of possible improvements (with costings) to Ministers as what MD would be likely to accept if there was a decision to rebuild early, and (if this is the case) what we would consider the necessary minimum anyway. Finance will want to brief on the implications for other centrally funded projects.

8. In view of the difficulty and urgency of the situation I am suggesting to Mr Nodder that he should call an early meeting to discuss how the Medicines Report and our response to it should be handled.

11 October 1979

P J WORMALD
HS2

cc: Mr Nodder (with copy of Dr Walford's minute and draft)
Dr Tovey
Dr Oliver
Dr Walford
Mr Harley
Mr Beard
Mr King (Finance)
Mr Brechin (")
Mr Dutton