

EM/049

POLICY IN CONFIDENCE

To: Secretary of State

GRO-C

From: PS(L)

GRO-C

Date: 16 July 1991

**FUTURE ARRANGEMENTS FOR THE NATIONAL BLOOD TRANSFUSION SERVICE (NBTS) AND CENTRAL BLOOD LABORATORIES AUTHORITY (CBLA)**

1 I have just completed the Annual Review of the CBLA which is now running more smoothly. We are now, therefore, in a position to consider the future and I should welcome the opportunity to discuss the proposals set out in the attached submission, which we touched on at 'Ministers' the other day. Briefly, we are asked to consider two linked but logically separate proposals:

(i) to combine the functions of the NBTS National Directorate and of the CBLA into a new "National Blood Authority" (NBA) which would

- contract with Regional Transfusion Centres (RTCs) for the collection of blood and plasma
- contract with the Bio-Products Laboratory (BPL, the manufacturing "arm" of CBLA) to process the plasma into blood products
- contract with hospitals for the provision of cellular and blood products

It was argued that this would result in cost savings and in more consistent standards of quality assurance throughout the NBTS as compared with the present system.

(ii) to "decouple" BPL from CBLA to allow it to seek new markets for products not derived from British plasma, thus enabling the BPL plant to be used to full capacity. The first step would simply be a matter of changing CBLA's internal accounting procedures to show BPL as a separate cost centre, but the proposers suggest that the full benefits of this decoupling would be realised only if BPL was privatised. Some commercial firms have already shown interest.

2 I see no difficulty with proposal (i) which I believe would be widely welcomed and could be presented as an example of our commitment to seek cost-effective and high standards of patient safety. In contrast proposal (ii), though it also offers clear benefits to patients, could be politically controversial. It would be tempting to postpone a decision on

Sof

F. Blood

Any hint - even a bogus one - of privatisation will of course lead to a political firestorm. Last year we had a silly but quite damaging row about this. Is it worth it I wonder?

*This is very dangerous political territory. Privatisation is highly not. I think we should only do the Authority.*

this aspect but officials advise that this would be a particularly good moment to attract a suitable commercial partner and that the opportunity to do so may not last indefinitely. My judgement is that we should accept both proposals and, by announcing them simultaneously, seek to emphasise the overall benefits to NHS patients of the combined change but I would welcome your views.

GRO-C

BARONESS HOOPER

\* Blood would still be freely donated and the only changes involved would be the handling changes which currently apply.

GRO-C