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Mr W P M Armour
Secretary to the CBLA
The Crest
Blood Products Laboratory
Daggers Lane, Elstree
Herts
WD6 3AU

Your reference

Our reference BLA/1/4

Date *22nd June 1984.*

Dear Will,

REDEVELOPMENT OF BPL - PROJECT COST ESCALATION

During our discussions on 12 and 18 June you asked for the Department's views on the way the CBLA should deal with the problem of the escalating costs of the redevelopment project at BPL, Elstree.

The magnitude of the proposed increases in the cost of the project - from original approved figures of £21.1 M at November 1981 prices to £38.7 M estimated final cost at June 1984 prices (including identified equipment savings, and extra warehousing and QC facilities said to be necessary) - necessitates a full economic re-appraisal, and we have been working closely with you to identify the information the Department will need from CBLA. Ministerial and Treasury approval will be needed for such a significant increase in the cost of the redevelopment. I would hope to submit the matter to Ministers for a decision once I receive a formal request from the CBLA after its meeting on 27 June.

In the meantime, it would be prudent for the Authority to take all practicable steps to contain the current spending on the project within the 1984-85 cash limit of £12.49 M. At the same time, the essential 'fast-track' nature of this project, it is considered that the Authority should not, in the period pending Ministerial and Treasury decisions, take any premature steps which would prejudice the current completion date of 1 January 1986.

I would be happy for you to put this note to CBLA members at the meeting on the 27 June.

Yours Sincerely,

GRO-C

ALUN J WILLIAMS

CENTRAL BLOOD LABORATORIES AUTHORITY	
DATE REC'D	25 JUN 1984
ACTION	GRO-C
BY	

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