

Mr Parrott

MEETING AT BPL TO DISCUSS THE FINANCING OF DEVELOPMENTS.

1. On 13 March at a meeting attended by Dr Maycock, Dr Lane, Mr Bailey, Mr Malcolm Harris, Mrs Yuille and myself we discussed:

- i. what bids we might reasonably make for any additional funds which might be available for 1978/9 before the opportunity closed at the end of the week, recognising that we would be up against other competing claims.
- ii. the longer term financing of BPL development projects in a situation where there are strict cash limits

2. Mr Harris stressed the need for careful forecasting of expenditure so as to avoid any scramble for additional funds which might become available. The meeting accepted the necessity for as reliable estimates as it was possible to produce but pointed out the fundamental difference in this connection between a unit which functioned year after year at much the same level or with a steadily increasing commitment, and BPL, where it is now believed there can be a substantial increase in production for a very modest outlay.

Quite apart from eventually meeting the Trends target, there is an urgent need to produce more factor VIII and albumin and it would be a great misfortune if developments which would save the NHS money had to be postponed for up to a year because provision to cover the development costs had not been included in the 1978/9 estimates.

3. The recent scrutiny by Dr Maycock and Dr Lane of BPL manufacturing processes has led to proposals for a series of improvements in production methods which they are satisfied will enable output to be stepped up quite considerably if they can get the plasma. For example, the proposal outlined in "stopgap" would, for an expenditure of about £61,000 (capital) and £70,000 (annual revenue) enable an additional 12 million units of Factor VIII and 30,000 bottles of PPF (together worth about £2 million) to be produced annually.

Having put so much effort into preparing the stop-gap proposals BPL are understandably anxious to know whether the Department wish them to go ahead and if so, to be assured that they will not have to postpone developments until 1979/80 by which time provision can be made in the estimates. The "stop-gap" proposals look some years ahead but there are significant improvements in output which can be put in hand at once if money to finance the development can be made available.

I understand that Med SML have almost completed their consideration of the "stop-gap" proposals so that it should be possible, very shortly, to refer the proposals up the office for approval and then consult the Central Laboratories sub-Committee. I have suggested this way round because we ought to know, when we go to the sub-Committee, when money to finance the project would be available.

4. Quite apart from "stop-gap" or any other specific proposals,

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the meeting considered how BPL might be financed in general, since in the last month ~~of~~ so a close scrutiny of methods has put the Laboratory in a position where they can process appreciably more plasma. Earlier this month I wrote to all Regional Transfusion Directors inviting them to say how much additional plasma they would be able to provide in each of the next six months. If the response is what we anticipate there should be sufficient extra Factor VIII to make appreciable inroads into NHS purchases of the commercial concentrate. Two Regions have already indicated that they will be able to make substantial contributions of plasma and it would be singularly unfortunate if BPL could not process it until Spring 1979 because there was no money in this year's allocation to do so. At this stage BPL simply cannot say what the full extent of any additional commitment from this development is likely to be. Mr Harris understandably pointed out that the books have to be closed some time and that there is no arrangement, at present, for including a large unitemised sum in BPL's allocation to cover developments as yet only tentatively costed. He also pointed out that any extra money which might be found to boost BPL product would not, in fact, reduce total NHS expenditure even though it might be considerably cheaper to produce our own Factor VIII than for hospitals to buy commercially, because any money saved by health authorities would be used on other developments.

In view of the fact that BPL's current output is worth some £7-8 million per annum at present commercial costs, it is expected to increase rapidly, there seems to be every reason for devising a system whereby this is taken into account when working out regional allocations.

I put forward the proposition that the time had come to think seriously about some arrangement to give BPL a positive inducement to maximise efficiency and to test and develop new processes. You will recall that the Central Laboratories Sub-Committee were advised that in parallel with the development of the Chromatographic and electrophoretic methods of plasma fractionation, there should be a thorough examination of the basic technology underlying the existing Kahn method of fractionation. If, for instance, BPL were allowed to have expressly for development work, an agreed proportion of the sum they save the NHS (as compared with the cost of commercial products) it would solve one of the problems of financing development and give the laboratory a tremendous boost. We must not imagine that BPL problems can be settled once and for all and it will then tick over quietly. Quite apart from the likelihood that a manufacturing laboratory which is ticking over quietly is probably becoming out of date and inefficient, there will always be new commercial challenges to be met. The commercial producers will do their utmost to be one step ahead either by offering what they claim to be a superior product or by trying to get their cost down in order to re-enter the market.

5. I suggest that shortly after Easter we might try to hold another major office meeting at which the problems outlined above could be considered. This note would serve as a start and in addition there will be the two papers on (i) gearing up the "Regional Activity" and (ii) the options for developing BPL, which it was agreed at Mr Draper's meeting I should prepare and which are now

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going the rounds at my level.

6. So far as bids for additional funds which must be in by the end of the week are concerned, we agreed that we should include the cost of the loading bay (£45,000) and a sum of up to £10,000 which might be needed to pay for an independent professional survey of the possibility of developing the productive capacity on the lines envisaged in the "stop-gap" proposals. This survey is referred to on page 4 of the proposals.

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14 March 1978

cc: Mr Draper
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