

Note of meeting held on 11th June 1980 to discuss expenditure on the upgrading of B.P.L.

Present: Dr Diana Watford
Mr John Harley
Dr R S Lane
Mr L J Conner
Mr P M O'Leary
Mr Peter Jones

Mr D S Nunn
Mr George Brechin
Mr T E Dutton

(2)

The meeting had the following papers

- (1) Revised interim budget submission 1980/81 - Capital Forecast Expenditure
- (2) Discounted cash flow analysis of proposed capital spending at B.P.L.

Mr Harley outlined the task which faced the meeting. The budget already agreed would allow for a certain amount of upgrading of B.P.L. but it still fell short of what Medicines Division recommended, even if it was accepted that there should be no increase in production. Following Dr Harris' meeting, Dr Lane had been asked to produce the revised interim budget which he had now presented showing the financial consequences of different levels of increased production and partially meeting the criticism of Medicines Division.

In view of the Minister's concern to spend a little money as possible on upgrading the laboratory, if a new laboratory was to be built quickly, it was also necessary to see what reductions could be made to the existing budget and to consider what core of work was common to all these options. If a common core of work could be identified it might be possible to authorise the start of this at once.

Dr Lane agreed to consider what he would wish to spend the money on if, say, only £500,000 capital was available in 1980/81 but he said that he must advise very strongly against such a course and ask that his views, as Director of the Laboratory, should be put squarely to Ministers. He could accept no responsibility for the outcome of this level of expenditure since it would lead to loss of key staff and eventually to major loss of productive capacity.

His revised interim capital budget (to which he undertook to furnish the revenue consequentialia) would provide a basic facility to keep production going and at the same time match the build up of resources in Regions. Without the latter, any new B.P.L. would be bound to run at less than planned capacity for a number of years while supplies of plasma were built up and experience gained in new technology. Dr Lane said that he deliberately referred to providing a basic facility; if the B.P.L. were to be put on a completely sound manufacturing footing appreciably more money would be needed.

After further discussion about what might be done if only £500,000 capital was available, it was decided (subject to Dr Lane's reservations above) that the money might best be spent on:-

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Modular cold store	90,000
Single bag, tear down machinery	5,000
Crushing and thawing plant	17,000
Laminar flow cabinets	7,000
Vial filling machine	25,000
3, vial freeze driers	210,000
Miscellaneous general equipment	20,000
Modification to CF Lab.	120,000
Total	494,000

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Mr Brechin pointed out that fees must be included when calculating capital costs.

It was agreed that the only item common to the three main options was the modular cold room and it was noted that the £494,000 capital option would mean the abandonment of "stop gap".

The discounted cash flow analysis of the expenditure deemed the minimum necessary to allow increased production, was briefly discussed. Dr Lane doubted whether the particular application of the economic practice was appropriately applied in the circumstances which obtained at B.P.L. and he undertook to let Mr Brechin have his observations on the paper very quickly.

Mr Conner warned of the need to match ideas for developing the laboratory with the requirement to control that development, if the outcome was to be satisfactory. He noted that the question of a suitable project manager had still to be settled but he was assured that a number of possibilities were being examined.

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