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Mr Nodder

BUILDING PROJECTS

Your minute of 21 July asked for a report on the following projects.

Blood Products Laboratory

The Policy Steering Group has reached the point where we need Ministerial decisions about the size of the new laboratory, whether it should manufacture products surplus to NHS needs, and its cost. We are preparing a paper. This will take account of the options of (1) building BPL to meet all the needs of England and Wales, and (2) using some of the available money to expand the Protein Fractionation Centre, Edinburgh, to meet some of E & W needs. (If SHHD confirm figures they have given us (1) will be cheaper by at least £3<sup>1</sup>/<sub>2</sub>m. It will avoid dependency on reaching an agreement with ASTMS on shift working).

Porton

Production Centre. My reports of 26 and 30 April referred to an increase of £114,000 in the estimated final cost. This has been reduced to £20,000, which Works Group regard as acceptable at this stage of the project. The cost-reduction exercise has delayed the programme by 7 weeks, but no penalties are involved and an effort will be made to catch up.

Fermentation Pilot Plant. The Board has recently submitted a draft revised proposal which, on the face of it, would increase the cost of this phase by some 30% (to £5m), excluding project management costs. There would be revenue implications as well. The proposal stems from recommendations by a high-powered Scientific Review Committee, and reflects the rapid developments in the biotechnology field. We have told the Board its proposals could pose a serious financial problem; but we have asked for a number of points to be clarified so that we can evaluate it fully and decide what we may need to say to Ministers. Approval to go ahead with a new fermentation pilot plant is awaiting Ministers' decision on the Board's report on the work of CAMR. Work on a Stage II submission was however due to start about now, and will be delayed.

Colindale

Bad weather has put the completion date back from ~~August~~ <sup>October</sup> to November 1984, but no penalties are involved.

We have accepted the substitution of an electronic telephone exchange for the old model originally planned on a number of conditions, including the extra cost (some £75,000) being met by savings within the overall PHLS budget. We expect a proposal from the Board to increase the cost limit by some £150,000 in respect of an additional computer installation and cabling, but cannot examine it critically until it arrives.

Works Group, Supply Division and PHLSB are examining the position regarding inescapable contractual claims and consultants' fees, and what reduction of the equipment budget they may necessitate.

GRO-C

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