

Mr Cashman

(9)

REVIEW OF CENTRALLY FINANCED SERVICES

1. Your minute of 9 November sought my comments on Mrs Banks' of 6 November. I have given Mr Jewsbury a copy of the latter and no doubt he will reply to you separately.
2. You may like to see my reply of 2 July to Mrs Banks' minute of 8 June, and I am enclosing a copy. There is not a lot we can add to what I said then.
3. Comments on Mrs Banks' Annex A:

PHLS. It is difficult to say whether a 5 per cent reduction could be achieved. An informal discussion with the Director and Secretary of the PHLS on 27 October suggested that the Board might find some small savings if strongly pressed, but I doubt if they would absorb 5 per cent without the Chairman asking to see Ministers. We are however shortly to meet officers of the Board formally for a PESC review (I hope within 2 weeks): this will probably be concerned with 1983/84 and after.

Any reduction in the Board's income will of course be reflected in its services, which though financed centrally are as much concerned with the nation's health as those of the NHS, to which they are complementary. Growth in the NHS ought properly to be matched by growth in the PHLS.

Dr Harris has asked me to express his very strong view that the PHLS should be protected against cuts.

Central Blood Laboratories. I had a meeting on 11 November with the Directors of the Laboratories, officers from the RHA Treasurer's Department, and Finance Division. It is clear that the reductions proposed are unachievable, and that it will be necessary to increase the proposed allocations for the Blood Products Laboratory and the Plasma Fractionation Laboratory. Mr Harris and Mr Hilton (FD) are to receive additional information in the next two days and will then be able to say what sums are required. It should be noted that the BPL (on the Director's computation) is currently saving the NHS over £10m on commercial blood products, and that this will increase by nearly £4m in 1982/83.

Again, Dr Harris has very strong views about any reduction in the allocation for the Laboratories.

NRPB. The proposed savings are unachievable. The Board is already in financial difficulties and these would be exacerbated by the imposition of 'efficiency' savings. You may wish to let Mrs Banks see my submission of 9 October and your minute of 20 October.

Toxicology Laboratory. The proposed savings are unachievable. Dr Evans minuted Mrs Banks on 9 November. Within the next few days CMO will be putting a submission to Ministers proposing additional expenditure on the Laboratory. The figures are being examined by Finance and EP Divisions before CMO considers them.

Multi-Regional Laboratory Services. There is nothing to add to paragraphs 8-10 of my minute of 2 July.

4. Any further comments on Annex B could only echo those on Appendix B.

5. Mrs Banks' Annex E requires a small amendment to the last sentence of paragraph 6. I suggest: 'Officials of the Department nevertheless attend management meetings as board members or observers'.

6. One further comment, on the suggestion in Annex A that the PHLS, CBL and NRPB might be subjected to Rayner-type reviews. I agree that this could be considered for the PHLS, though it would need to be accepted by the Board. The CBL, however, are managed jointly by the Department and the NW Thames RHA under temporary arrangements which we are urgently seeking to replace with a permanent management body. A review would be untimely. I doubt if it would in any case be able to produce substantial savings which we have not found in our own scrutiny of the Directors' estimates. The NRPB is engaged in a careful scrutiny of its own staffing and costs, and a separate review would be untimely and probably unhelpful.

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cc Mr Jewesbury

Mr Godfrey ✓