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C. B. L. A.

REPORT TO EMPLOYEES – 1989

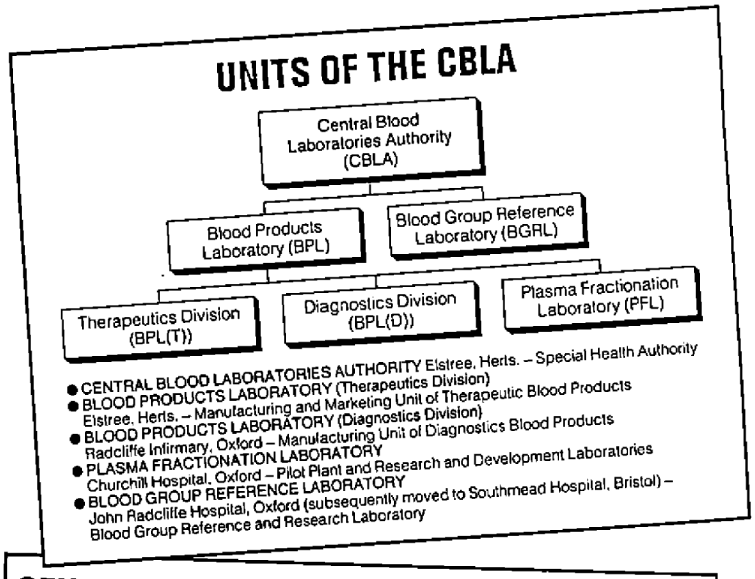
This is the first report to employees that has been prepared by the CBLA and its main objective is to present to staff and other interested parties the results and activities of the organisation in a simplified and graphical manner.
The figures relate primarily to the financial year ending 31st March 1989 and tie in with the statutory annual accounts for that period.
It is the intention to produce a report every year and the format will change and evolve but the main thrust of the document will be the performance of the organisation in the financial year under review.

CHIEF EXECUTIVE'S NOTE

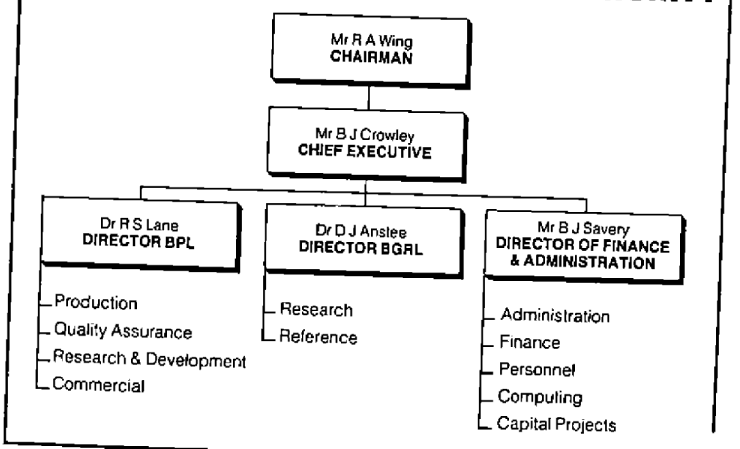
I am pleased to introduce this report prepared by the Finance Department which will enable you to obtain a better understanding of the financial basis of the affairs of the CBLA. We are a Health Authority – along with many other Authorities – within the NHS. Uniquely however, we now generate income, unlike other Authorities which consume expenditure. Recognition of this distinction is of importance in gaining an understanding of the criteria which are used to measure our performance.
The year under review constitutes a landmark in the history of BPL for our new production facility came on stream and for the first time the implementation of self sufficiency in blood and blood products in England and Wales became feasible. Hitherto, limits on fractionation capacity meant self sufficiency was unattainable. Now, with increased capacity self sufficiency could soon become a reality.
Another landmark was agreement on relocating BGRL to Bristol in a more appropriate environment, being adjacent to the National Transplant Service and the S.W. Regional Transfusion Centre – surely the beginning of another centre of excellence in the biological sciences. This transfer will be effectively complete during the first quarter of 1990 and will enable BGRL to offer an improvement on what is already an impressive level of service in Blood Group Reference Activities.
Finally, may I take the opportunity of congratulating all staff on their response to the exceptional challenges that were such a notable feature of the year.

B. J. CROWLEY

UNITS OF THE CBLA



CENTRAL BLOOD LABORATORIES AUTHORITY



CBLA/ 2600

1988/1989 HIGHLIGHTS

- ★ New Manufacturing facility came on stream.
- ★ Improvements in 8Y yields from 130iu per kilo to 150iu per kilo.
- ★ 492 tonnes of plasma processed (design capacity 450 tonnes).
- ★ Plasma specification agreed with NBTS.
- ★ Sales up by 56% from previous year.
- ★ Licensing of Cell Lines to earn royalty income.
- ★ Expansion of Commercial Department activities.
- ★ R & D projects geared towards process improvements in the new manufacturing facility and the development of higher purity products.
- ★ Implementation of basic accounting systems onto the new computer.
- ★ Improvement in monthly management information systems.
- ★ Blood grouping reagent development group set up consisting of members from BGRL and BPL(D).
- ★ Establishment of National Directorate of NBTS improving communications with the CBLA.
- ★ 678 blood samples referred to BGRL for blood grouping studies (47% from overseas).
- ★ 166 samples referred to BGRL for anti-D quantitation (64% from overseas).
- ★ Development by BGRL of high quality blood grouping reagents for ABO and D typing from cell lines secreting monoclonal antibodies.
- ★ Development work by BGRL on a therapeutic monoclonal Anti-D.

BLOOD PRODUCTS LABORATORY A BRIEF HISTORY

BPL began as a small Blood Products Research Unit in the Lister Institute, London, prior to the outbreak of the Second World War. During the war, the importance of blood collection and the subsequent separation and use of dried plasma was realised. Soon after the formation of the National Blood Transfusion Service in 1946, moves were made to expand the Unit operationally.

In 1954, the Blood Products Laboratory commenced operations at Elstree in Hertfordshire, on the same site where the Lister Institute carried out its own manufacture of vaccines and sera. Although the funding for the operation was centrally derived from the Ministry of Health (later to become the DHSS), the Lister Institute, and for some years the Medical Research Council, were responsible for local administrative organisation. With the closure of the manufacturing facilities of the Lister Institute in 1978 (the MRC had withdrawn some years earlier), BPL faced a difficult period.

For an interim period, administrative control was passed to the North West Thames Regional Health Authority, whilst discussions were held to retain the position of BPL within the National Health Service. It was during this period, after the appointment of a new Director in 1978, that plans were formulated for a new BPL Manufacturing Facility to replace the old Laboratory. After several years of uncertainty, which included the option of being managed by commercial industry, its future was decided by the formation of a Special Health Authority, known as the Central Blood Laboratories Authority (CBLA) in December 1982.

With the formation of the CBLA, BPL entered a new era of expansion. A large-scale financial investment programme from the Government has allowed for the building of a new factory on the Elstree site. This expansion has significantly increased the output of the major products and has improved the work environment to meet current manufacturing standards. The manufacturing facility was opened in April 1987, and commissioning of the processes began in earnest in the summer of that year. By the end of 1987, clinical production of Factor VIII had been transferred from the old facility, and by early 1988 Factor IX was being produced in the new building.

By the Summer of 1988, the production of Albumin had been transferred, allowing the closure of the old laboratory which had served for almost thirty-five years.

BLOOD GROUP REFERENCE LABORATORY A BRIEF HISTORY

The BGRL was set up in 1946 to centralise production of blood grouping reagents and provide a reference centre for the newly formed NBTS. The unit was housed in three rooms on the ground floor of the Lister Institute in Chelsea and was funded by the Ministry of Health. By 1958 the unit was administered by the Medical Research Council. The unit expanded and in 1964 moved into a new purpose built laboratory block located at the back of the Lister Institute. Production of grouping reagents originally consisted of anti-A, - B, -A, -B and -D from human donors and anti-M, - N and anti-human globulin (AHG) produced in rabbits. Other reagents became available as new blood group antigens were discovered. The pool size of ABO grouping reagents was originally 10 serum donations (approximately 2 litres). By 1986 the pool size was 50 litres. These reagents have now been largely superseded by monoclonal antibodies.

In the very early days, the BGRL gained World Health Organisation recognition for its reference work and became the International BGRL. By 1975 the activities of BGRL had expanded to include departments performing Gm typing, anti-D quantitation and tests for platelet and leucocyte antibodies. The future of the laboratory became uncertain in 1975 following the untimely death of the second director. The unit was by then being administered by the Lister Institute, as an interim measure following the withdrawal of the MRC. Administration by the North West Thames Regional Health Authority followed until the formation of the Central Blood Laboratories Authority in 1982. This coincided with the move of the laboratory to its present site in Oxford. Responsibility for the manufacture of blood grouping reagents was transferred to BPL in 1986.

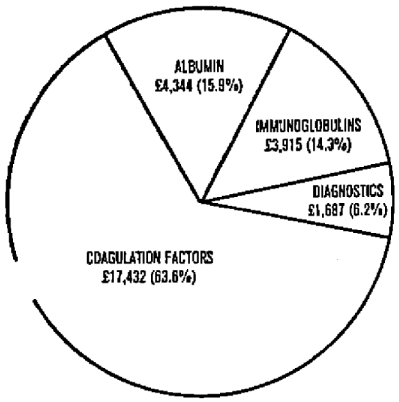
The unit was subsequently moved to the Regional Transfusion Centre site at Bristol in January 1990. As well as maintaining its National and International red cell reference and anti-D quantitation functions the BGRL has expanded to include several other departments and functions. These include reference facilities for the biochemistry of red cell antigens and platelet and granulocyte antibodies and also a product development department for the development of new techniques with a view to improving reagent quality, with special reference to monoclonal antibodies. The laboratory also produces (and issues) rare reference antisera of both human and monoclonal origin.

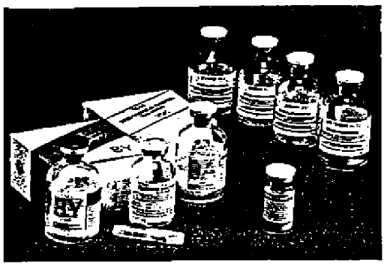
BPL PRODUCTS

YEAR ENDING MARCH 1989
(£'000)

Value of Product Issues – £27,378

For the year under review the vast majority of our products were issued at no charge to the Regional Transfusion Centres for distribution to hospitals and other users. The value above represents the volume of issues multiplied by the market price for similar competitive products.



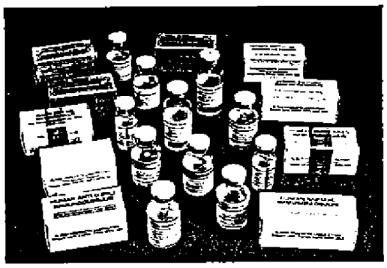


Coagulation Factors

Protein fractions necessary for the correct clotting of blood. Haemophiliacs are the basic users of these products who have a low level of clotting agents (Factors VIII and IX primarily).

Albumin

Solutions used to maintain fluid levels in the blood of patients with severe burns after serious accident and during major surgery.



Immunoglobulins

Antibodies necessary for the body's defence against infections and other diseases. Use of these products prevents such things as tetanus, chicken pox, hepatitis, rabies and rhesus disease in babies.

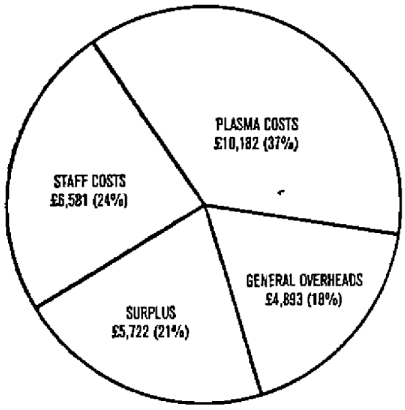
Diagnostics

Primarily, a range of products used at Transfusion Centres and hospitals for the testing and screening of blood groups.

INCOME AND EXPENDITURE

We have seen that the value of the organisation's total income for the year was £27,378,000. Against this there were various items of expenditure which had to be incurred and these are summarised below:

(£'000)



Looked at another way, out of every pound's worth of sales approximately:

37p went to the regional transfusion centres for plasma costs to pay for our raw materials.

24p went to employees in salaries, wages, pensions and expenses.

18p went to cover the general overheads of the business (e.g., rates, maintenance, power, etc.).

21p represented a notional surplus on trading which represents the efficiency of the organisation and to cover items not listed above such as interest and depreciation.

£1 Total

CBLA/ 2602

For the year under review plasma was issued at no charge to BPL from the Regional Transfusion Centres and the value above reflects an estimated market price. Similarly the surplus on trading reflects an estimated figure based on the assumption that full charging was in operation.

FUNDING OF A BUSINESS

In order to run any organisation, continuing investment is needed in fixed assets such as buildings and plant and current assets such as inventories and debtors (amounts owing from customers).
Part of the financing comes from the profits made in an organisation and this may have to be supplemented in certain years by increased borrowing.
Although our organisation is funded on a yearly basis by the Department of Health, assuming the surplus generated of £5,722 million already mentioned, our position for the year to March 1989 can be summarised as follows:

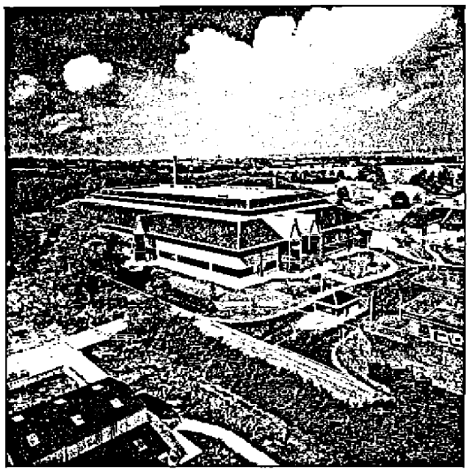
WHERE THE MONEY CAME FROM	£'000	WHERE THE MONEY WENT	£'000
	£6,000		£6,000
£278 Additional Funding from DoH			
		£1,911 Net Increase in Working Capital (Stocks, Debtors, Creditors, etc.)	
£5,722 Trading Surplus			
		£4,089 Purchase of Fixed Assets (Buildings, Plant and Equipment)	

CAPITAL PROJECTS

In April 1987 the CBLA published a Long Term Estates Plan which set out a phased development of the Elstree site covering a long-term period of approximately 20 years.
The first phases of this development are currently under way or have been completed.

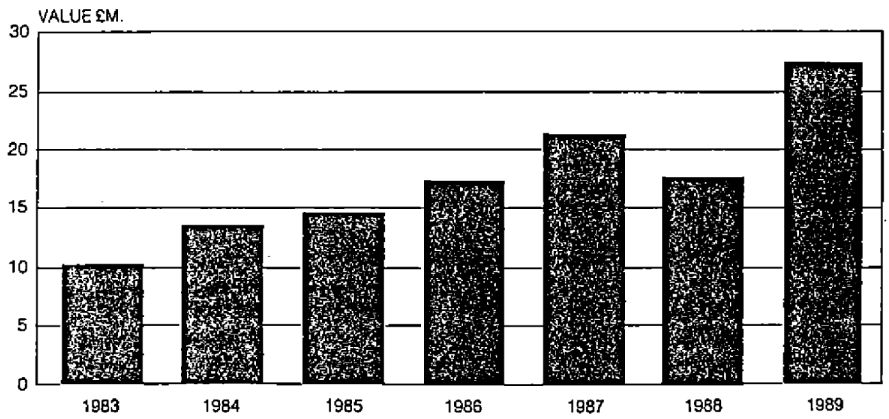
	Description	Status	Estimated Cost
PHASE I	New Manufacturing Facility	Completed	£60.0 m
PHASE II	New Pharmaceutical Warehouse	Completed	£3.5 m
	Quality Assurance Building	In course of construction for completion April 1990	£4.3 m
	Engineering Block	Design complete, to be constructed by February 1991	£1.9 m
PHASE III	New R & D Facilities	Approval in Principle received from Department of Health	£8.0 m

Following the recent completion of the new Manufacturing Facility the aerial photograph below was taken.



Of equal importance to our major capital projects listed above are the replacement and enhancement of existing plant and machinery.
At present this costs the CBLA around £1.5 million per annum.

CBLA SALES HISTORY



YEAR ENDING MARCH

£'MILLIONS

TOTAL SALES

CBLA/ 2603

The dip in sales in the year ending 1988 can be explained by the closure of the old plant and delays due to the commissioning of the new manufacturing facility. Watch next year for further growth!