Reference H/1313/01 29A

(42) Mr Craig / File PL

Mr Hart

Dr Oliver

Dr Walford

Mr Connor

Mr Harley

Mr Brechin

You may like to have the attached copy of my letter of 2 June to Mr Macpherson of SHHD.

My talk with Mr Macpherson was ad hoc, following a meeting on another subject. You will see that I have reserved colleagues' positions in para 3.

GRO-C

P J WORMALD
HS2
1202 Han Hse
Ext GRO-C

3 June 1980 GRO-C 4/6

cc: Mr Dutton - for file

DE 18-78

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
HANNIBAL HOUSE
ELEPHANT AND CASTLE LONDON SE1 6TE
TELEX 883669 TELEPHONE 01-703 6380 EXT GRO-C

Your reference
Our reference

A M Macpherson Esq
Scottish Home and Health Department
St Andrew's House
EDINBURGH
EH1 3DE

2 June 1980

Dear Angus,

FUTURE SUPPLY OF BLOOD PRODUCTS

1. I was very pleased that we had the opportunity last week to discuss the future supply of blood products and the respective contributions of Elstree and Liberton. I hope this letter fairly reflects our talk, and can serve as a starting point for further discussions.

2. Our Ministers have not yet decided whether, when or by what agency the BPL will be replaced. However the Minister of State assured the staff, during his recent visit, that the Laboratory's future lay on the Elstree site, and he indicated to us that he was inclined to favour minimum immediate upgrading followed by early rebuilding. How and when rebuilding will take place depends on discussions now going on between our Supply Division and British pharmaceutical companies to determine their interest. As I told you, the Minister has ruled out involvement of foreign firms.

3. Assuming that BPL will be rebuilt by one agency or another, we shall have to decide its future capacity. Here we have two options - to assume that Liberton remains substantially as it is, with whatever output you can extract from it, and to plan Elstree to provide the rest of the required GB capacity; or to consider further expansion of Liberton to secure something approaching an equal division of output between the two. In principle I personally favour the second approach, but this view may not be shared by other English interests. And economic factors may, of course, contraindicate.

4. Although our outside advisers tell us that BPL could be replaced within 3 years if commercial methods were adopted, our view is that this is unrealistic. Indeed a 3 year timetable could not possibly be realised if we rebuild from public funds. We therefore have short term options for the present laboratory, viz minimum upgrading etc to ensure continued operation and essential safety standards; or that plus further investment designed to secure increased output to replace commercial imports. We are about to prepare an appraisal of these options, based on proposals just submitted by the Director.

5. For the purposes of this appraisal we need to make an assumption about the minimum demand which BPL might meet, which depends on the maximum contribution which we might obtain from Liberton. We agreed that it would be reasonable to assume that Liberton could not, without expansion, supply more than 4 English regions, ie $\frac{1}{4}$-$\frac{1}{3}$ of the England and Wales requirement. This is not, of course, to say that Liberton will necessarily be able to supply 4 regions. That will depend on a number of factors which you are at present examining.

6. I said that we had recently forborne to press you about Liberton's contribution because we recognised your immediate difficulties, including the need to study and take decisions on the Medicines Division report. Our forbearance does not indicate any lessening of our anxiety to see a return for our investment in Liberton (or to have our money back, suitably "inflated"!). I am happy to accept your assurance that you would come back to us on this as soon as you could.

7. Besides development of the Laboratory, we also have to consider future management, our present arrangements not being satisfactory. As I told you there are several views in DHSS on this subject. However they do not, I think, affect your position.

8. We also have to consider whether to adopt some form of "charging" between the Central Laboratories and Authorities, and between Regional Transfusion Centres and DHAs, to even out differences in consumption and, in the case of the Central Laboratories, discrepancies between the amount of plasma provided by RTCs and the quantities of product returned to the regions. Another pressing issue is how to secure from RTCs the quality of plasma necessary to achieve maximum output from BPL. We are considering establishing a joint DHSS/BPL/NHS working party to examine this question, and possibly the "charging" issue.

Yours sincerely,

GRO-C

(P J WORMALD)