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NOTE OF A MEETING WITH MEMBERS OF THE CENTRAL BLOOD LABORATORIES AUTHORITY,
22 NOVEMBER 1983, ALEXANDER FLEMING HOUSE.

Present: Lord Glenarthur
Mr Parker
Mr Lillywhite
Mr Winstanley

Mr Smart)
Mr Jerwood) CBLA
Mr Armour)

CBLA 3/3
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CBLA had asked for the meeting to discuss the basis on which the Department financed their activities and to illustrate the proposition that substantial savings to the Government and the NHS would accrue from additional revenue investment in manufacture of blood fractions.

FUNDING

2. CBLA described themselves as 'producers of revenue rather than incurrers of costs'. Their raison d'être was to make the NHS self-sufficient in blood products. There were however major differences between CBLA and a private company in that (a) they had no control over the supply of their 'raw material' and (b) no scope to invest and price to maximum commercial advantage. There were therefore three aspects to the problem of future development.

- i. to encourage Regional Transfusion Centres to find ways of increasing plasma supplies;
- ii. to ensure CBLA had sufficient revenue funding to process the additional plasma;
- iii. the question of introducing charges to health authorities for blood products on a net production cost basis, and additional powers to enter the (eg overseas) commercial market.

CBLA believed RTC directors were confident they could increase the numbers of donors to supply the 400,000 kg of plasma required to achieve self-sufficiency in blood products, which the new laboratory would have the capacity to produce. However, unprocessed plasma would have to be either frozen or incinerated. The latter would cause adverse publicity, particularly in view of the AIDS scare and the need to reduce imported Factor VIII. The main requirements for increased funding related to (i) the expected increase in plasma as the campaign to increase blood donations got underway, and (ii) the need to train additional processing staff in anticipation of the new laboratory at Elstree due for completion at end-1985.

Lord Glenarthur hoped CBLA would be encouraged to learn that the Department could agree to the provision of an additional £0.5m revenue funding, partly by conversion from the capital budget. The Department now required detailed revenue assessments for 1984/85. CBLA said these would be available shortly. They were committed to a rigorous control of their fixed cost budget which currently represented about 25 per cent of total costs. They sought flexibility over revenue funding with an assurance of additional revenue over and above planned growth.

CHARGES

3. CBLA believed the introduction of charges would increase RHAs awareness of the value of the CBLA's activities and of the commercial value of their production, as well as the need more closely to monitor volume and quality of stock. At current production levels CBLA consumed the equivalent of some £1.2m of plasma at overall production costs of £1.9m. In commercial terms production value was about

£7.5m, thus producing a potential 'saving' to the NHS of £5.6m. Wessex RHA had set up a £10,000 pilot study to examine the administration costs of a charging system. Officials said that any such system would have to be considered in detail over the longer term at both official and ministerial level.

CBLA argued that they lacked the economic flexibility to adapt to changing market requirements. There was a need to establish parameters within which prices could be adjusted according to demand. They argued for powers to sell eg to overseas markets, whereas at present they could sell commercially only materials surplus to manufacturing process requirements. One example of their ability to develop new products was a recent contract with Wellcome for an immuno-assay test for hepatitis. Royalties on overseas sales would accrue to Wellcome.

R&D

4. CBLA said that the MRC had 'opted out' of blood product research at a time when important work in genetic engineering, eg at Cambridge, could lead to major developments in this field. It was crucial for CBLA to be able to promote such research, which might ultimately render some of their own fractionation processes obsolete.

CONCLUSION

Lord Glenarthur thanked CBLA for putting their views. Officials would shortly be considering their funding proposals for 1984/85. Their main points of concern would be kept closely in mind. Lord Glenarthur hoped to have the opportunity to pay a return visit to CBLA when the new BPL was officially opened.

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cc

Those present (DHSS)

Mr Alcock

Mr Doran