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the department for Enterprise

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Eric Forth MP
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Department of
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Prime Minister²

Dear Paul, This really does seem absurd - need of bureaucracy, starting to note. rightly to be ruled. Couldn't not pay or avoid made for 28/9-? to the machine? The Ireland will about which publicity will make very much - I am not

BROMPTON HOSPITAL : NMR IMAGER

I am writing to let you know about action intended to seek the recovery of DTI's investment in equipment located at Brompton Hospital, which may give rise to some adverse publicity.

Under the now defunct Pre-Production Order Scheme, this Department bought an NMR Imager in 1983 and placed it with Brompton Hospital: the aim was to assist the manufacturer of the machine, Picker International Ltd, in gaining market acceptance for its newly developed product. An additional benefit was that the project would allow the Hospital to evaluate the Imager, and find time to raise the funds to purchase it should it wish to do so. The NMR installation at the Hospital was officially opened by the Prime Minister on 1 March 1985. A £200k upgrade to the machine was paid for by the heart charity CORDA the following year: the hospital has also paid for some work on it.

NB

Under the terms of the contract with this Department, Brompton Hospital should now either pay £640k for the Imager, or return it to Picker International Ltd for repurchase by them. The Hospital has said that it cannot afford £650k, but that it wants to keep the Imager. CORDA's chairman, Lord Rayner, has also pressed for the purchase price to be written down or waived.

Under the rules of the Scheme, and given that the terms of the contract are clear, we have concluded that we should not



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simply write the debt off, although Mr Forth has recommended that a compromise should be negotiated if at all possible. Any reduction to the contract price will require specific Treasury approval. I attach for your information a copy of a letter which is shortly to be sent to the Hospital on the matter.

The Hospital (and CORDA) may seek publicity in the hope that this will lead the Department to back off. Given that the Prime Minister opened the NMR installation, Mr Forth thought that she might wish to be informed of the position.

I am copying this letter to Mr Davey, Private Secretary to Mr Mellor.

Yours sincerely

Ian Gibbons

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ASSISTANT PRIVATE SECRETARY