

part A.

Begins: 26/6/81.
Ends: 4/1/82.



PO -CH /GH/0036



PART A

Chancellor's (Howe) Papers:

OPENING TO THE PUBLIC OF
THE CABINET WAR ROOMS

Disposal Directions: 25 Years

A handwritten signature in dark ink, appearing to be 'D. [unclear]'.

24/7/95



26/6/81

cc CST
FST
MST(C)
MST(L)
Sir D Wass
Sir A Rawlinson
Mr Kemp
Mr F E R Butler
Mr Monger
Mr Ridley
Miss Peirson
Mr Goldman
Mr C D Butler

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

GREAT GEORGE STREET WAR CABINET ROOMS

I have seen a copy of the Secretary of State for the Environment's minute to you of 29 May with a proposal that the War Cabinet Rooms should be opened to the public.

2. I have two interests in this. First the proposal would involve additional expenditure, whether financed by public subscription wholly or in part. It is not a good time to be contemplating additional expenditure and I think it unlikely that colleagues would agree that other operational requirements should be given up to pay for it.

3. I should also want to be sure that the cost-effectiveness of the scheme has been properly assessed. Rough calculations suggest that there would need to be a very substantial flow of visitors to make the scheme pay for itself.

4. Second, I am concerned about physical security. The Treasury as major occupier of the Great George Street building is responsible for maintaining the standard of physical security laid down for protecting the building and its contents against unauthorised access. The Great George Street building is of course shared with other Departments. The Northern Ireland Office in particular has offices close to and above the proposed entrance. Humphrey Atkins may therefore have views. Subject to that however I would

/wish to be fully



wish to be fully satisfied that the security arrangements provide adequate protection. Even then it may not be a risk worth taking.

5. I am therefore not persuaded that we should agree, even in principle, to endorse the proposal at the present time. I would however be happy for officials of the departments concerned to discuss the proposal in more detail to see if a viable scheme can be produced.

6. I am sending copies of this minute to other members of Cabinet, Paul Channon and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be "G.H.".

(G.H.)

26 June 1981

Ring Mr Cannadine *sent 9/11*



9/11/81

EXCHEQUER
-9 NOV 1981
Mr C D Butler
CST, FST, MST C, MST L,
Sir A Wass, Sir A Rawlinson
Mr Barratt
Miss Kelley, Mr Kemp
Mr Bridgeman, Mr Riddle
Mr Harris

Prime Minister
CABINET WAR ROOMS

This is the progress report for which you asked following your visit to the Cabinet War Rooms with John Stanley at the beginning of August.

We have now solved most of the practical issues:

Security: the Home Secretary has confirmed in his Private Secretary's letter of 25 August that the Metropolitan Police were satisfied that external security and control could be maintained and that work on the proposal to open the Rooms to the public could proceed on the assessment that the security problems could be overcome.

Design of entrance: we have re-examined this following your comments during your tour. Because of the location of particular sections of war-time reinforced concrete it is not cost-effective to site the entrance other than where you were shown. However, the public access will be designed so that any queue bends right away from the junction of Storey's Gate and Birdcage Walk. The drop in ground level and the boundary wall will help ensure this, and barriers will be used if necessary.

Appointment of architects and design consultants: Gordon Bowyer and Partners with Buzas and Irvine have now been appointed to do the first stage of planning work.

There are three points outstanding:

Source of Finance: the total capital cost on a cash basis is estimated to be £750,000, with expenditure of £250,000 arising in 1982/83 and £500,000 in 1983/84. As this is a project being undertaken because of its national historic importance and its cost is relatively small in public expenditure terms, I think it only reasonable that my Department should be granted an additional bid for the £0.75 m spread over the two years in question; but if the Chief Secretary find it impossible to agree to this I will undertake to find it from within my own Department PES provided that I can decide how this can best be done at the time the expenditure arises.

Rate of return: following the Chancellor's minute of 26 June, Treasury officials have said that this project must satisfy the normal rate of return on capital projects. I explained in my earlier letter that it could cover its running costs (by entrance charges, sales etc) but not the capital costs. I hope you will agree that this unique project need not conform to Treasury rules for conventional capital investment.

Responsibility for operation: because of other manpower commitments the Imperial War Museum have declined to take this on. They seem the logical people to do so as the War Rooms are clearly of great historical interest and the Museum have the expertise in

conservation and exhibition work and in the handling of visitors. I am having a further discussion with Paul Channon to see whether the Trustees of the War Museum can be persuaded to handle the running of the War Rooms. Failing that it would fall on my Department, unless we can devise a private sector solution. I am asking the Home Secretary whether this is ruled out on security grounds.

I know that you are anxious that the War Rooms should be opened before the ending of this Parliament and we will do our utmost to achieve this provided the three points above can be rapidly resolved.

Copies of this minute go to the other members of the Cabinet, Paul Channon and Sir Robert Armstrong.

msd

MH

- 9 NOV 81

23/11/81.

9
24/11

1 MR MONGER

2 CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Financial Secretary
Minister of State L
Economic Secretary
Sir D Wass
Sir A Rawlinson
Mr Barratt
Mr Kemp
Mr Bridgeman
Mr Spackman
Mr Swift
Mr Yeo
Mr Ridley
Mr Harris
SS1
Spare

CABINET WAR ROOMS

Mr Heseltine's minute to the Prime Minister of 9 November outlines his proposals for opening the Cabinet War Rooms in the basement of this (Great George Street) building. He reports that most of the practical issues have been solved, but three remain, two of which concern Treasury Ministers.

2 You will recall that you minuted the Prime Minister on 26 June recording your reservations about the proposal. One of those - the likely viability of the scheme - remains.

3 On the source of finance, Mr Heseltine repeats the idea that he should be given additional money for this. He agreed in the bilateral with the Chief Secretary that he could absorb this within his own programme. In the minute to the Prime Minister he offers to find it from within his departmental PES (i.e. including DOE other), provided he is given freedom to decide how this should best be done when the expenditure occurs.

4 There need be no objection to this proposal, but you will need to repeat the Chief Secretary's earlier decision that there can be no additional expenditure on it.

5 If the project went ahead on the basis of charging proposed by Mr Heseltine it would not satisfy the Treasury's normal rules on

fees and charges. To give a return of 5% on the capital the entry charge would probably have to be between £1.50 and £2.00, if indeed it were viable at all. DOE propose to charge so as to recover only running costs, ignoring the capital cost. This implies a charge per adult visitor of £1 - £1.20 and would be equivalent to a subsidy of around £30,000 per year. The lower price would increase the numbers of visitors but the subsidy would still be around 40p per visitor. The subsidy would of course increase queues. Many of these subsidised visitors would be from overseas.

6 Even though the proposal does not satisfy the normal charging criteria, and it is not clear what benefits can justify a £30,000 annual subsidy, it is open to Ministers to decide to go ahead. We would advise you not to encourage this. We have seen no arguments to justify the importance of attracting visitors to the War Rooms at a subsidised rate. And the Treasury's task of ensuring sensible decision-making and proper allocation of resources will be more difficult if such an obviously uneconomic project is proceeded with.

7 If you agree with this view you may care to write on the lines of the attached draft.



C D BUTLER

23 November 1981

CHANCELLOR

cc As above

I agree that there is no good reason for subsidising visitors to the War Rooms, but before taking issue on this point you will want to bear in mind the Prime Minister's enthusiastic support for public access.

Yes
indeed!



G W MONGER

24 November 1981

V25/11

~~DRAFT~~ MINUTE TO:

The Prime Minister

cc:

Other Members of the Cabinet
Paul Channon
Sir Robert Armstrong

CABINET WAR ROOMS

I have seen the ~~Secretary of State for the Environment's~~ ^{your} minute ~~to~~
~~you~~ of 9 November ~~to the P - 17 -~~

2 On the source of finance I repeat the Chief Secretary's view,
which was endorsed by MISC 62 in its recommendations on the PSA
public expenditure programme, that ~~this~~ ^{the scheme} is not a sufficiently high
priority to warrant additional expenditure. I am however content
that, ~~if Michael Heseltine is determined to go ahead,~~ ^{it should} notwithstanding
what I say below, ~~he should~~ ^{provided that you} finance it from within his own
~~departmental programmes,~~ within whatever total may be agreed by
Cabinet ^{for your own Departmental programmes.}

3 I am however concerned that he should wish to proceed with the
project even though it will have to be subsidised. The proposal
is to ignore the capital costs in setting the admission fee and
this is equivalent to a subsidy of about £30,000 per year. It is
not clear what benefits can justify this subsidy, the more so as
many of the visitors will be from overseas. Contravening our normal
rules on charging in this way would not help all that we have been
saying about the need to improve the efficiency with which resources
are allocated and administered.

4 I hope you will agree that we should not proceed with this project
unless it can be shown to produce the appropriate rate of return.

3. A few copies of this minute go to the other members of your.

Stal. 25/11.

Min. Secretary
12/11



Mr C D Butler
CST, FST, MST, C, MSTL
Sir A Wass, Sir A Rawlins
Miss Kelley, Mr Kemp
Mr Bridgeman, Mr Riddle
Mr Harris

Prime Minister
CABINET WAR ROOMS

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We have now solved most of the practical issues:

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There are three points outstanding:

Source of Finance: the total capital cost on a cash basis is estimated to be £750,000, with expenditure of £250,000 arising in 1982/83 and £500,000 in 1983/84. As this is a project being undertaken because of its national historic importance and its cost is relatively small in public expenditure terms, I think it only reasonable that my Department should be granted an additional bid for the £0.75 m spread over the two years in question; but if the Chief Secretary find it impossible to agree to this I will undertake to find it from within my own Department PES provided that I can decide how this can best be done at the time the expenditure arises.

Rate of return: following the Chancellor's minute of 26 June, Treasury officials have said that this project must satisfy the normal rate of return on capital projects. I explained in my earlier letter that it could cover its running costs (by entrance charges, sales etc) but not the capital costs. I hope you will agree that this unique project need not conform to Treasury rules for conventional capital investment.

Responsibility for operation: because of other manpower commitments the Imperial War Museum have declined to take this on. They seem the logical people to do so as the War Rooms are clearly of great historical interest and the Museum have the expertise in

conservation and exhibition work and in the handling of visitors. I am having a further discussion with Paul Channon to see whether the Trustees of the War Museum can be persuaded to handle the running of the War Rooms. Failing that it would fall on my Department, unless we can devise a private sector solution. I am asking the Home Secretary whether this is ruled out on security grounds.

I know that you are anxious that the War Rooms should be opened before the ending of this Parliament and we will do our utmost to achieve this provided the three points above can be rapidly resolved.

Copies of this minute go to the other members of the Cabinet, Paul Channon and Sir Robert Armstrong.

msd

MH

- 9 NOV 81

cc: Chief Secretary
Financial Secretary
Economic Secretary
Minister of State (L)
Sir Douglas Wass
Sir Anthony Rawlinson
Mr. Barratt
Mr. Kemp
Mr. Bridgeman
Mr. C.D. Butler
Mr. Spackman
Mr. Swift
Mr. Monger
Mr. Yeo
Mr. Ridley
Mr. Harris



pwr

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

26 November 1981

The Rt. Hon. Michael Heseltine, MP.,
Secretary of State for the Environment

Dear Michael

CABINET WAR ROOMS

I have seen your minute of 9 November to the Prime Minister.

On the source of finance I repeat the Chief Secretary's view, which was endorsed by MISC 62 in its recommendations on the PSA public expenditure programme, that the scheme is not a sufficiently high priority to warrant additional expenditure. I am however content that it should go ahead provided that you finance it from within whatever total may be agreed by Cabinet for your Departmental programmes.

Copies of this letter go to the other recipients of yours.

GEOPFREY HOWE

Geoffrey Howe



10 DOWNING STREET

From the Private Secretary

CH/EXCHEQUER	
REC	30 NOV 1981
ACTION	Mr C D Butler 1.12
COPIES TO	CST, FST, EST, MSTC. MST L, Sir A Wass, Sir A Robinson, 30 November 1981 Mr Barratt, Miss Kelley, Mr Kemp, Mr Bridgeman, Mr Ridley, Mr Harris

Cabinet War Rooms

The Prime Minister was grateful for your Secretary of State's minute of 9 November. She has also seen the Chancellor of the Exchequer's letter to Mr. Heseltine of 26 November.

The Prime Minister has noted the progress that has been made on opening the Cabinet War Rooms to the public. She agrees with the Chancellor that the scheme should be financed from within the Department of the Environment's existing PES provision; but she is content to waive Treasury rules on the rate of return to be earned on this unique project.

I am copying this letter to Andrew Jackson (Home Office), Jill Rutter (H.M. Treasury), Jim Buckley (Chancellor of the Duchy of Lancaster's Office), Mike Hopkins (Northern Ireland Office) and David Wright (Cabinet Office).

W. F. S. RICKETT

Mrs. Helen Ghosh,
Department of the Environment.



2 MARSHAM STREET
LONDON SW1P 3EB

EXCHEQUER	
DATE	- 5 JAN 1982
REASON	Mr C D Butler
OFFICES	CIT, FFE, EST, MSTC, MSTL, Sir D Ward, Sir A Rawlinson, Mr Barrett, Miss Kelley, Mr Kemp, Mr Bridgman, Mr Ridley, Mr Harris

My ref: H/PSO/19792/81
Your ref:

- 4 JAN 82

De Butler

CABINET WAR ROOMS

Thank you for your letter of 26 November. I will undertake to meet the capital cost of this scheme from within my Departmental programmes in view of its unique character and the general feeling among colleagues that this remarkable historical monument should be made more accessible to the public at large. As you will have seen from the letter of 30 November, the Prime Minister agrees that the normal rules on rates of return need not apply to this project; but we will expect to cover the running costs.

Copies of this letter go to the recipients of my earlier letter.

you are
Michael Heseltine

MICHAEL HESELTINE

