

Confidential Filing

Purchase of Government
Accommodation in the
Whitehall Area.

GOVERNMENT
BUILDINGS

July 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
24.7.83							
26.8.83							
22.12.83							
31.1.84							
23.7.84							
28.8.84							
9.10.84							
18.10.87							
19.10.87							
3.11.87							
25.11.88							
2.12.89							
14/7/85							

PREM 19/2700

CONFIDENTIAL

and E. R. B. B. B.

Mr. Clark, Mr. Christopher France and Mr. Clegg, or
coming to see you about Dotti's accommodation plans.

PRIME MINISTER

DEPARTMENT OF HEALTH ACCOMMODATION: ELEPHANT AND CASTLE

(1987)

When E(GA) considered DHSS's future accommodation needs, the long term strategy endorsed was that the Department should regroup in three areas of London, having taken as much advantage as possible of the dispersal. The three areas were Richmond House for HQ, a site in the Strand area (originally Grand Buildings but now to be the Adelphi and New Court), and the remainder at Elephant and Castle. It has turned out that, after the split, DSS has got the Strand area and DH the Elephant and Castle buildings.

The Department of Health continue to argue that the best option is to retain some presence at Elephant and Castle while refurbishing both buildings and the environment. They put forward a number of arguments:

- No need for them to be in London
- (i) Economy: the Elephant and Castle is substantially cheaper than any of the others. Rents at Alexander Fleming House, even after refurbishment, are about £11 per square foot compared with £45-55 for Whitehall, £40 for King's Cross and £17 for Docklands. The attached annex shows that Whitehall would cost £16 million a year more than the current plan and even Docklands £5 million a year.
 - (ii) Efficiency: both King's Cross and Docklands are too far away for a reliable shuttle service to be operated into Whitehall.
 - (iii) Negotiations with developers: since the 1987 E(GA) discussion, DH have been in negotiations with Imry over the refurbishment of AFH. To pull out now would lead to accusations of bad faith which would be particularly unfortunate as Imry have been very helpful over the Rose Theatre, accepting a substantial increase in costs to accommodate it.

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- (iv) Refurbishment of AFH is part of a plan to improve the Elephant and Castle area. The Government are contributing to a £400,000 project under the Urban Programme.
- (v) The Elephant and Castle would cause least disruption to the travel plans of those working there as the majority come from south London. Sir Christopher France believes that if Whitehall is ruled out, a refurbished Elephant and Castle would be preferred by staff to Docklands or King's Cross.

Next month

^ The Department of Health are ^{planning} ~~shortly going~~ to announce that they will be adopting the ^{greater} ~~maximum~~ relocation option (they will be moving 1,000 of the total of 2,000 for the two departments) and that Leeds has been chosen as the venue. The effect of this will be ^{to virtually} as follows:

	<u>Now</u>	<u>Future</u>
Alexander Fleming House	1,300	1,300
Hannibal House	600	-
Eileen House	160	-
Total Elephant and Castle	<u>2060</u>	<u>1300</u>
Richmond House	400	400
Other London	240	-
	<u>2,700</u>	
Leeds		1,000
		<u>2,700</u>

You remained unhappy about these proposals. There are two broad alternatives. First, DH could vacate the Elephant and Castle area. This would add substantially to the costs - see above. Since the Government will be following neither the cheapest nor most efficient option, it would need to state why it was justified to incur the extra costs. The only explanation would be that it believed the area could not be brought up to a

sufficient standard, but this would look odd when DoE was grant-aiding a project to achieve precisely this. If you do want to reopen the E(GA) decision of 1987, you would need to discuss this not only with Mr. Clarke but also with Mr. Hunt who would feel that the Government efforts to restore a run down area of London were being undermined.

The alternative would be to go for minimising the numbers at Elephant and Castle (in practice, this is already being done by the decision to go for maximum dispersal) plus special efforts to improve the environment. The work going on at present involves better lighting for the underpasses, re-tiling with anti-graffiti tiles, plus the installation of some surface crossings to reduce the need to use the subways at night. At the same time, the shopping centre is being redeveloped.

Do you want:

- (i) to re-open the whole strategy for DH?

or

- (ii) to call for a more detailed account of the efforts being made to improve the Elephant and Castle area?

AT

ANDREW TURNBULL
26 September 1989

We had better
discuss this. The upgrading
of the area (if it can happen)
is NOT a matter for us
now.



10 DOWNING STREET

Amade

Pl set up meeting asap
w/ CHOFM to discuss

DH accommodati

✓ Mr Clark

Mr C. France +

✓ Mr R Butler

✓ Mr Hunt.

45 mins

AG

CONFIDENTIAL



file DB
(C-1 diary (accon))
Doh

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 September 1989

I am writing to confirm that there will be a meeting to discuss Department of Health accommodation at Number 10 on Thursday 26 October at 1630. The meeting should take less than forty-five minutes.

I am copying this letter to the Diary Secretaries to Sir Christopher France (Department of Health), Mr David Hunt MP (Department of the Environment) and Sir Robin Butler.

MRS. AMANDA PONSONBY

Miss Kim Hayes
Department of Health

CONFIDENTIAL

h

PRIME MINISTER

ALEXANDER FLEMING HOUSE

When you considered the plans for location of DSS/DHS you questioned the intention to retain and refurbish Alexander Fleming House for DH staff on the grounds that, even if the building itself were improved, the street environment would still be extremely unpleasant.

The options have been reviewed and are set out in the attached paper. It argues:

That if the objection is the street environment, one has to look at the staff for all three Elephant and Castle buildings (Hannibal House and Eileen House).

The options for relocating the staff in these buildings are either:

- too expensive (removal into central London) - no need -
- or why not move the majority of the staff
- operationally inefficient (removal to Docklands)

This not only option.

(iii) The refurbishment of AFH is part of a plan to improve the whole of the Elephant and Castle area and if the Government were to pull out rather than press ahead with improvements, it would knock the heart out of the whole initiative.

It seems to me that there is some force in the last argument, though the account given of the environmental improvements (paragraph 5 of the paper) is rather sketchy. Before deciding to accept the advice, you could ask for a more detailed explanation of the improvements to the Elephant and Castle area, and in particular the way in which they will make it safer for staff to travel home at night.

Agree?

No - 4041 sent -
do every thing at -
one. That I should
NOT stop you from
advice is (ii)
difficult to remove
of civil records.

That is not our problem. The same
argument was used at the beginning of the initial scheme.

No

Within
months
the new
shopping
area
was
appealing

The report indicates that the relocation of staff outside London and the South East could lie in the range 1,000 -2,000. Do you want to urge that DH aim for the upper end of the range?

AT

(ANDREW TURNBULL)

22 September 1989

1 don't accept their
analysis, their limited options,
their assumption that this
number of staff needs to be in
the London area in addition
to those already in other buildings.
The whole paper is critically
skewed to one conclusion on
arguments which are not sound
not

MR TURNBULL

Alexander Fleming House

In your minute of 19 July, you recorded that the Prime Minister had noted with satisfaction the possibility that all DSS staff can be moved to an area around the Adelphi (this is subject to public expenditure negotiations with the Treasury in two years' time). But the Prime Minister remained concerned with the suggestion that 1,300 Department of Health staff will continue to be accommodated in Alexander Fleming House at Elephant and Castle, and she asked for options for moving the staff to a location in a better area to be examined.

2. I attach a note prepared by the Department of Health and the PSA. The conclusion is that a location in the Whitehall/Westminster area for the staff (if one could be found) would cost some £22 million a year more than the present plans (or £16 million if the Department of Health were able to deploy away from London a further 1,000 staff on top of the 1,000 staff they already intend to send out of London). The cheapest alternative would be a site in Docklands which would cost some £5 million a year more than the present plans.

3. It seems to me that the arguments against Docklands in the Paper on grounds of administrative inconvenience may be overstated: for example, the acquisition and use of a water bus could surely reduce the average 50 minutes travelling time between Docklands and Whitehall referred to in the Paper. But I think that a move to Docklands would not be popular with DOH staff, whose living and travelling patterns are now geared to working in Elephant and Castle. Moreover, the Paper points out that the refurbishment of Alexander Fleming House now planned by Imry Merchant Developers will not only greatly improve the working conditions for the staff there but is the centre piece of

a plan to improve the whole area, for which an inner urban area grant has been given, and the withdrawal of the DOH would be likely to bring criticism on the Government.

4. I have no doubt that the DOH management and PSA would prefer to stick to the strategy they have adopted of concentrating DOH staff to Richmond Yard and a refurbished Alexander Fleming House. Sir Christopher France has urged on me that the Department should be spared any further upheaval on top of the separation from DSS; the division between the NHS Management Executive and the rest of the Department; and the relocation of 1,000 staff and possibly more outside London. I think that there is much in his view, although I am grateful to the Prime Minister for her concern to get the remainder of the DOH staff into a better area of London.

5. Perhaps you would let me know whether the Prime Minister is persuaded by the arguments in the attached paper for the existing strategy or whether she would want one of the alternative options in it further pursued.

R.B.

ROBIN BUTLER

22 September 1989



Govt. BDGS: Purchase of Accou
in the Whitehall Area July '83





10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

ALEXANDER FLEMING HOUSE

The Prime Minister has seen your minute to me of 18 July. She has noted with satisfaction that all DSS staff are to be moved to other locations away from Alexander Fleming House (AFH). She remained concerned that Department of Health staff would remain there. Although the building itself is to be renovated, she felt this did not deal with what staff regarded as the main objection to working in AFH, the dirty and unsafe location. She has asked for the options for moving DoH staff to a location in a better area to be examined.

ANDREW TURNBULL
19 July 1989

DT

Ref. A089/1927

MR TURNBULL

I agree - this is

no place for

DSS to be. I believe

we should fit out

the building as soon

as possible and
situate in a better area. not

Alexander Fleming House

Prime Minister

What staff object to above
all at AFH is not the

building but the location

which is dirty and unsafe.

Women working here are issued
with alarm aerosols to scan off
muggers

AF 18/7

In the margins of the value for money seminar on the Department of Social Security, the Prime Minister asked me about the future of Alexander Fleming House and the rest of the Elephant and Castle offices. I have explored this with the Departments of Health and of Social Security, who are very grateful for the Prime Minister's interest, and with the Property Services Agency.

2. At present, the headquarters staff of the Department of Health (DOH) numbers some 2,700 plus some 700 staff who are candidates for hiving off to health authorities or agencies, and of the Department of Social Security (DSS) some 1,400. They are currently accommodated in Richmond House, Alexander Fleming House and Hannibal House (both the latter at Elephant and Castle), and a number of smaller locations scattered around Central London. On the most favourable assumptions about dispersal, the long term accommodation requirement for the DOH in Central London is likely to be 1,700, and for the DSS 900. Richmond House will accommodate some 500 (400 DOH, 100 DSS). It has already been agreed that staff largely from the DSS will be relocated at the Adelphi during the refurbishment of Alexander Fleming House, and the Adelphi, perhaps with nearby New Court off the Aldwych, could provide a long term solution to the accommodation requirements of the DSS. This would, if sufficient staff were relocated outside London, concentrate the Department in 3 locations close to one another, which would be more satisfactory to them than the present arrangement and would remove the staff of the DSS entirely from Elephant and Castle.

3. The DOH, however, will continue to have a requirement to accommodate at least 1,300 headquarters staff outside Richmond House. There is really no alternative to continuing to use Alexander Fleming House for this purpose and Sir Christopher France accepts this. Although the Elephant and Castle area is not an attractive one, Alexander Fleming House is being refurbished by Imry Developers and will become a much pleasanter building in which to work. Sir Christopher France tells me that staff find it has some advantages in its good public transport links and the availability of shops. Moreover, it will cost only between £14 and £19 per square foot. Even if accommodation could be found for upwards of 1300 staff closer to Westminster, the cost would be about three times as high. The cost of the Adelphi is about £48 per square foot and this is typical of the Westminster and Victoria area.

4. All this is to be negotiated with the Treasury in the 1991 PES round when the refurbishing of Alexander Fleming House nears completion. The Departments of Health and Social Security propose to negotiate on the basis set out above, ie that DSS will concentrate around the Adelphi and DOH will be split between Richmond House and Elephant and Castle. The Treasury may seek to resist the DSS's concentrating around the Adelphi involving as it might the extra cost of New Court, although it is close to its old home in John Adam Street which you will remember. But the Departments will be able to argue that, on the basis set out above and taking account both of relocation outside London and of rents at the Elephant, the average cost of accommodating the two departments will be low by comparison with other Departments.

F.R.B.

ROBIN BUTLER

18 July 1989



cc PV

Treasury Chambers, Parliament Street, SW1P 3AG

Dominic Morris Esq
Private Secretary
10 Downing Street
London
SW1

No like idea to him days.

RECG 7/12

2 December 1988

Dear Dominic

THE ADELPHI: OBSERVER ARTICLE 20 NOVEMBER

The Chief Secretary has seen the note provided by DOE on this article. He has asked me to point out that his agreement that the PSA should acquire a lease of part of the Adelphi was solely on the understanding that that would be for temporary accommodation for staff from Alexander Fleming House whilst the latter building is being refurbished. It was agreed between the Treasury and DHSS (as it then was) that the long term occupation of the Adelphi by DHSS should be considered in the 1991 Public Expenditure Survey in the light of subsequent developments.

There has of course been one development in particular since then, namely the split of DHSS. But the Chief Secretary does not consider that that in itself constitutes a case for the permanent retention of such a very expensive building as the Adelphi within government. As he understands, Alexander Fleming accommodation is to be both improved and enlarged, and could rehouse the staff temporarily accommodated in the Adelphi.

The Observer story includes the suggestion that DH senior staff expect to stay in the Adelphi indefinitely. The Chief Secretary suggests that the line to take here should be that nothing has been decided about continuing the lease of the Adelphi after the refurbishment of Alexander Fleming House has been completed.

I am copying this letter to Flora Goldhill (DH), Rod Clark (DSS) and Alan Ring (DOE)

Yours ever
Carys

MISS C EVANS
Private Secretary



cc PH

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

Ans
Dominic Morris Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

25 November 1988

Dear Dominic

GOVERNMENT ACCOMMODATION IN CENTRAL LONDON

with DM?
I wrote to you on 22 November about the acquisition of the Adelphi building for Government offices.

You asked for a further note setting out the background to claims that the PSA were seeking to acquire more than 500,000 sq ft of extra office accommodation in and around Central London. This is attached. You will see that we have tracked down the figure to a report which appeared in the Financial Times on 4 November (copy also attached).

Yours
A D Ring

A D RING
Private Secretary

GOVERNMENT OFFICES IN CENTRAL LONDON: FINANCIAL TIMES (FT)
ARTICLE OF 4 NOVEMBER 1988

Background Note

1. This article (copy attached) reports that in the current financial year (1988/89) the Property Services Agency (PSA) is seeking to obtain more than 500,000 sq ft of extra office accommodation, largely in central London.
2. The article was prompted by the publication of PSA's annual report for 1987/88. Further information was provided by PSA over the 'phone about the size of the office estate and this has evidently been misunderstood. The FT were told that the size of the estate overall was expected to increase by, in very round figures, 50,000m (530,000 sq ft). The FT did not ask how this figure was broken down though all of this net increase will occur outside London, notably in Scotland, where the office estate is due to increase by 135,000 sq ft, in the North-West, where the increase is nearly 190,000 sq ft, and the North-East, where the increase is 170,000 sq ft.
3. The statistics regarding London have been complicated by recent transfers in the boundaries between PSA's London and Southern Regions; figures are not reported separately for central London. Allowing for these boundary changes there is expected to be a net decrease of around 120,000 sq ft in London overall.
4. In central London there is currently considerable movement in mainly HQ offices as a result of lease expires. This year PSA will be giving up a total of over 500,000 sq ft in central London alone (Great Westminster House in Horseferry Road, accounts for 220,000 sq ft of this). New accommodation must, of course, be acquired and made ready in advance of an actual move and relinquishing a former building. All such acquisitions in the central area fall within the remit of E(GA) Committee and are

subject to Ministerial authorisation. The overall position was last reported to E(GA) in July; the next six-monthly up-date will be submitted in the New Year.

Line To Take

5. The total increase of over 500,000 sq ft reported by the FT is a net figure taking account of disposals as well as new acquisitions. It represents the increase for Great Britain as a whole, not central London. All of the net increase will occur outside London, 50% being in Scotland, the North-West and the North-East. In London, some 500,000 sq ft of office accommodation will be given up this year. In net terms, after allowing for new acquisitions, the London estate is expected to reduce in size of 120,000 sq ft.

PSA London Region Estates

25 November 1988

FINANCIAL TIMES: FRIDAY, 4 NOVEMBER 1988

Government seeks more London office space

By Paul Cheeseright, Property Correspondent

THE PROPERTY Services Agency, which manages the Government's estate, yesterday said that this financial year it would be seeking to obtain more than 500,000 sq ft of extra office accommodation, largely in the central London area.

The favoured districts for government offices have traditionally been Westminster and Victoria because they are near the House of Commons. The PSA's need for space is likely to put fresh pressure on an already tight market.

During the 1987-88 financial year, the PSA said in its annual report, the Govern-

ment's office estate had expanded by just under 280,000 sq ft to cater for the increasing number of civil servants. Demands for space this year are for the same reason.

The demand for extra space comes on top of increased activity by the PSA in London because a large number of leases, signed in the 1960s, are expiring at the same time.

The PSA has been prepared to pay record rents in Victoria, and the Government, in its financial provisions for the PSA, has been forced to recognise that its own accommodation will cost more.



AM
Dominic Morris Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

R22/11
2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

22 November 1988

Dear Dominic,

THE ADELPHI: OBSERVER ARTICLE, 20 NOVEMBER

You asked me for a note on the background to the story in last Sunday's Observer about the acquisition of the Adelphi building for use by staff from the Department of Health and the Department of Social Security. This is attached.

Copies of this letter and the note go to Flora Goldhill (Health), Rod Clark (Social Security) and Carys Evans (Treasury).

Yours
AD Ring

A D RING
Private Secretary

THE ADELPHI BUILDING: 'OBSERVER' ARTICLE - 20 NOVEMBER

BACKGROUND NOTE

The article (copy below) correctly states that 106,000 square feet has been acquired for DH&SS; that the rent will be the highest to date for a Government Department; and that the accommodation will be used initially to rehouse DH&SS staff whilst Alexander Fleming House is being renovated.

The accommodation was acquired on the open market by PSA acting on instructions from DH&SS. In accordance with normal practice the rent figure has never been made public for commercial reasons. The figure of £55 per sq ft in the article is wrong. Averaged out over the whole of the floor area the actual agreed rent is just over £48 per sq ft. The suggestion that the rent is substantially ahead of the market does not square with the evidence of comparable lettings. The agreed figure was consistent with the market at the time for a building of that quality and in that location. Considerably higher rents have recently been obtained in central London, eg Lansdowne House at £62.50 per sq ft: Saatchi Saatchi have recently sub-let about 11,000 sq ft in that building at £69 per sq ft.

The article also raises the question whether Government Departments need to be accommodated in high cost central locations. The initiative for this particular case was taken by DH&SS, with PSA acting as agents on their instructions. The DH&SS took the view that this accommodation was essential to their effective continuing operations whilst Alexander Fleming House is being refurbished. When that is completed a number of their other buildings elsewhere in London will be relinquished. E(GA) Committee had previously agreed that DH&SS would need a second building in the Whitehall area to complement Richmond House as part of their overall HQ accommodation strategy. The alternative building under consideration was Grand Buildings in Trafalgar Square where the landlords were asking £60 per sq ft.

Treasury eventually accepted DH&SS' case for accommodating HO staff in part of the Adelphi Building, on the basis of a full financial appraisal by DH&SS and with the agreement of the Chief Secretary, and the Property Services Agency (PSA) were instructed to negotiate a lease. The E(GA) Report, circulated on 27 July, referred to negotiations in progress.

Line to take

The Government has accepted that this accommodation is necessary for the effective continuing operations of the Departments of Health and Social Security whilst Alexander Fleming House is being refurbished. When that is completed a number of their other buildings elsewhere in London will be relinquished.

Offices a cut above the usual for health staff

CIVIL SERVANTS from the Department of Health will soon be enjoying a luxurious new lifestyle in one of London's most expensive office blocks.

After years of working on the wrong side of the river in a building at the Elephant and Castle, 600 senior staff are due to be rehoused in prime-site accommodation at the top of the Adelphi Building in the Strand.

There they will be able to look down on the Houses of Parliament, St Paul's Cathedral, the Thames and a panorama which will only be obscured by rubber plants.

But when they take up residence in the new year, at a record rent of up to £55 per square foot, successful commercial enterprises will be moving out of the building because they say they can no longer afford it.

The Department of Health will initially rent 106,000 sq ft on the top three floors of the 11-storey, 320 sq ft building, at an annual cost in excess of £5 million.

The rent will be the highest ever paid by a government department and it has surprised commercial property agencies in the City who say the figure is 'substantially ahead of the market'. Mike Elton of the agents,

by JOHN MERRITT

Elton, Green and Partners, said: 'It is quite staggering. I know of no everyday company which would pay these sort of rents.'

Existing tenants are amazed. Mr Nicholas Kairis, managing director of Goulandris shipping agents and brokers, whose lease in the Adelphi building is being renegotiated, said: 'I refuse to believe that anyone in their right mind would pay this sort of sum.'

Mr Kairis, who pays 'a realistic price' of up to £40 per sq ft is looking

for new premises. Another tenant, Mr Richard Walker, managing director of Brunning Advertising and Marketing, said: 'When successful commercial capitalists like us can't afford this sort of rent, I can't comprehend how the Government can countenance featherbedding their bureaucrats while arguing with nurses over their meagre pay.'

A Health Department press release states: 'Initially the extra space will be needed to accommodate staff while the existing headquarters at Alexander Fleming House are renovated at a cost of £25 million. But *The Observer* understands that the

Department has an option to lease further space in the Adelphi building.

It is generally accepted that Alexander Fleming House, a greyling concrete structure built in the 1960s, suffers from 'sick building syndrome' and is in need of repair. When the refurbishment is completed in 1991, more lowly civil servants will again be banished south of the river.

Senior staff, however, are planning to stay in the Adelphi building. The statement adds: 'Eventually the Adelphi will be used to house key support staff who need to be close to Westminster and Ministers.' In fact, the new premises are only 600 yards

nearer to Westminster's front door than the old building.

With rents in a renovated Alexander Fleming House predicted at levels below £20 per sq ft, the closer proximity to Whitehall works out at £5,000 a yard.

Last week *The Observer* asked the DHSS to confirm the cost both of the move and the fitting-out of the new premises, and reveal what categories of 'key-staff' would be re-housed there. A spokesman replied: 'These are very detailed questions. It is not easy getting answers to these sort of questions.'

5/2.



01-936-6201

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

3 November 1987

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON S W 1

Dear John:

LAW OFFICERS' DEPARTMENT : ACCOMMODATION

Thank you for your letter of 19 October, in which you said that you were prepared to accept the additional costs associated with moving my Department from the Royal Courts of Justice to Telford House in Tothill Street, SW1.

I must now inform you that the PSA have regrettably failed to secure the lease on Telford House. I have written to Nicholas Ridley about this. From the point of view of my Department this is a disappointment. The potential consequences for the Serious Fraud Office are of far greater significance, and a further intensive search for suitable accommodation has now begun.

In the meantime, I would like to reserve my own position. The attractions of Telford House were great and, I think, obvious. I would not wish to move from the RCJ unless new accommodation had similar advantages, and I do not propose, therefore, to embark on a wide-ranging search of central London properties.

I quite understand that your agreement to my earlier request was conditional upon the PSA bid for Telford House being successful. I shall need to come back to you when I have found suitable alternative accommodation for my Department.

I am copying this letter to the Prime Minister, the Lord President, the Lord Chancellor, the Home Secretary and to Sir Robert Armstrong.

Yours ever,

J. G. G. G.

ce BLG



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Patrick Mayhew QC MP
Attorney General
Law Officers' Department
Royal Courts of Justice
Strand
London
WC2A 2LL

19 October 1987

Dear Patrick,

NBM

LAW OFFICERS' DEPARTMENT ACCOMMODATION

Thank you for your letter of 9 October about transferring your offices from the Royal Courts of Justice to Telford House in Tothill Street when it is taken on by the Serious Fraud Office (SFO).

This is, of course, a very late additional bid to PES and I am disappointed that you are unable to offset the extra costs. Nevertheless, I recognise the operational advantages that will accrue and am therefore prepared to accept the additional costs in the interests of the more efficient operation of your Department. I should add, however, that this agreement is conditional upon the SFO being successful in its bid for Telford House which has the surplus space which you will be able to use.

I am copying this letter to the Prime Minister, Willie Whitelaw, Michael Havers, and Douglas Hurd.

Yours Ever,
John

JOHN MAJOR

GOVT BUILDINGS



GOVT ACCOMMODATION

7/10

FROM THE PRIVATE SECRETARY

CCBA



HOUSE OF LORDS,
LONDON SW1A 0PW

13 October 1987

Miss J K Rutter
The Private Secretary
to The Chief Secretary, Treasury
Parliament Street
LONDON
SW1P 3AG

PS
13/10

Dear Miss Rutter,

Law Officer's Department: Accommodation

hap.

The Attorney General sent the Lord Chancellor a copy of his letter to the Chief Secretary of 9 October, about moving the Law Officers' Department out of the Royal Courts of Justice (RCJ) to accommodation in Tothill Street. In the absence of the Lord Chancellor I am writing to say that the Department strongly supports such a move. It would release urgently needed space in the RCJ. This accommodation, comprising 16 rooms (about 400 square metres), would be used to provide judges' chambers for five new judges, whom it is hoped to appoint shortly, and to reaccommodate judges currently occupying substandard rooms. It should also enable rationalisation of accommodation and decanting of staff affected by other major works proposed in the RCJ to take place without the need to secure space outside the building.

I am copying this letter to the Private Secretaries to the Prime Minister, the Lord President and the Home Secretary, and to Chris Newell at the Law Officers' Department.

Yours sincerely,

Paul Stockton

GOVT BUILDINGS: Govt Accommodation

July 23





01-406 7641 Extn
01 936 6602

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

The Rt Hon John Major MP.,
Chief Secretary
HM Treasury
Parliament Street
London
SW1P 3AG

Prime Minister

The Law Officers 9 October 1987

*wish to move from the
Royal Courts of Justice to be in a building
in Tothill Street with the Serious
Fraud Office.*

Dear John:

LAW OFFICERS' DEPARTMENT: ACCOMMODATION

*DCV
9/10.*

mb

I have been giving careful thought to the need for my Department (LOD) to move to other accommodation. An opportunity has recently presented itself and I am most anxious to pursue it. Before doing so, however, I need your agreement in principle to an increase in my PES requirement in order to pay for the necessary in-going works and for the annual costs, insofar as they would exceed those incurred in our present accommodation. These costs could not be met from the present Votes of the Treasury Solicitor's Department. For reasons to which I refer below, I must seek your agreement as a matter of great urgency.

As you may know, the LOD has occupied rooms in the Royal Courts of Justice (RCJ) for many years. The proximity of the Department to the Courts and to the Temple has been of some practical advantage, and has also perhaps helped to underline the independence of the Law Officers.

The new Serious Fraud Office (SFO), which hopes to be operational early next year, is currently searching for accommodation. Telford House, in Tothill Street, SW1, would



be ideal for the SFO's needs and the Property Services Agency (PSA) is negotiating to secure the lease. If those negotiations are successful, the SFO would wish to occupy the building as soon as possible (it is at the moment being completely refurbished). The space available is, however, rather more than the SFO will require: the excess being roughly equal to the requirements of the LOD.

There are four dominant considerations which attract me to the proposition that the LOD should move to Telford House:

Proximity to Departments for which the Law Officers are responsible

The Law Officers are responsible for three Departments (apart from the LOD): the Treasury Solicitor's Department, which is housed in Tothill Street, immediately opposite Telford House; the Crown Prosecution Service, the Headquarters of which is housed about a hundred yards away in Queen Anne's Gate; and the SFO. To have all three within a hundred yards of us has obvious and powerful attractions.

Present accommodation unsuitable

Our present accommodation is inadequate for the needs of the Department. We are cramped for space and the rooms we occupy are dispersed about the Law Courts. Both these drawbacks lead to inefficiency.

Proximity to Whitehall

- (i) Notwithstanding modern telecommunications, we frequently suffer delays in the receipt and delivery of urgent correspondence, etc., from other Government



Departments. This can at times have serious consequences for a Department of our limited size and resources.

- (ii) Both Law Officers and officials frequently attend meetings in Whitehall and much expensive time is spent travelling from and to the Strand.

Proximity to Parliament

Again, the advantages are obvious, not only for the Law Officers themselves, but for those from this Department who need to see them when they are unavoidably detained in the House.

We are entirely satisfied that a move to Telford House would not have, nor would be seen to have, a detrimental effect upon our independence.

The great urgency in my request arises from the need to submit to the PSA final plans for the internal partitioning and other ingoing works at Telford House by Monday 19 October. The present plans, which contemplate occupation of the spare space by the LOD, would not be suitable if the SFO had to share the building with any other occupier. Thus, I need to know whether you can agree to my request by Friday 16 October at the latest, or the opportunity will be lost.

My estimates for the ingoing and annual costs are as follows.



Ingoing costs

PSA calculate ingoing costs for major works at £30 per square foot. The available space amounts to some 7,490 square feet and the figure is therefore £224,700. Further ingoing expenses, to cover the cost of carpets, furniture, telephone installation, etc., as well as the removal costs themselves, would add about £100,000 to this figure. I would therefore require approximately £325,000 for ingoing costs.

Annual costs

My best estimate of the increase in the annual costs of the LOD for 1988/89 is a figure between £320,000 and £360,000, depending on the final figures for rent and rates at Telford House. This figure is caused largely by the increased cost of the accommodation itself, including the cost of one room which I would need to retain in the RCJ. To this must be added the cost of certain services for which we currently do not pay, or pay reduced rates (telephones, postage and I.D.S.); and the cost of two messengers (our messengers are at present employed by the Lord Chancellor's Department).

I have, of course, looked for any off-setting savings. There are savings, I suggest, in the release to the Lord Chancellor's Department of the two messengers and, more importantly, the release of our present accommodation for occupation by Judges, for whom more rooms are urgently required.

There are, I think, other savings to be made, which are impossible to estimate. I have referred above to the inconvenience of this location and to the inefficiencies of our present accommodation. A move to Telford House would



have consequential benefits.

Nevertheless, I recognise that I am seeking a substantial increase in the Votes of the Treasury Solicitor's Department. I would not do so unless I believed firmly that the interests of this Department fully justified it.

I am copying this letter to the Prime Minister, the Lord President, the Lord Chancellor and the Home Secretary.

Lawson,

Fallick



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

G.T.N. 2915

From the Minister of State for Social Security

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

28/7
28 August 1984

Dear Patrick,

Norman Fowler has asked me to write to you about the question of accommodation nearer to Whitehall for Ministers and senior officials in DHSS in the light of your minute of 18 July to the Prime Minister about Imperial Chemical House.

We can fully understand the reasons why negotiations with ICI were called off although this is disappointing given the long time which we have waited for some movement on this front. But Norman thought that we should register with you again the importance which we attach to bringing our accommodation closer to Whitehall. The geographical separation between Ministers and senior officials here and the rest of Whitehall and Parliament is not only an irritation but is also a real impediment to the effective conduct of Government business. We are, therefore, anxious that the relocation of our ministerial and senior official offices should continue to be regarded as a matter of high priority. Without it, we will continue to be hampered in carrying out our responsibilities not only for the effective management of the Department but also within Government as a whole and in relation to Parliament.

I understand that discussions are about to be resumed between officials on the possible use of County Hall following the abolition of the GLC. That would, of course, be a very acceptable solution for our problems.

I am copying this letter to the Prime Minister, Peter Walker, Michael Jopling, Peter Rees and Sir Robert Armstrong.

All good wishes
Yours
DR

DR RHODES BOYSON

Gott Building 7 July 83

Purchases



29

11



10 DOWNING STREET

From the Private Secretary

23 July 1984

IMPERIAL CHEMICAL HOUSE

The Prime Minister was grateful for your Secretary of State's minute of 18 July about Imperial Chemical House. She has noted that the PSA have called off their negotiations with ICI for the purchase of their buildings on Millbank.

I am sending copies of this letter to Steve Godber (Department of Health and Social Security), Michael Reidy (Department of Energy), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), John Gieve (Chief Secretary's Office, HM Treasury) and to Richard Hatfield (Cabinet Office).

David Barclay

John Ballard, Esq.,
Department of the Environment.

COMMERCIAL IN CONFIDENCE



Prime Minister⁽⁴⁾

PRIME MINISTER

IMPERIAL CHEMICAL HOUSE

To note. ICI and the PSA are £34m apart, and Mr Jenkin has called off the negotiations. It would be an interesting test of the DV to see what ICI actually get! 2m6 18/7

I reported in my minute of 18 December 1983 that the prospects were not good for achieving a satisfactory deal with ICI for the purchase of their buildings on Millbank.

I have made it clear to Mr Harvey-Jones that the Government can only buy property at market value, as advised by the District Valuer. He appreciates our position and has been helpful in trying to achieve a solution which would meet our respective aspirations. But it is clear that we remain too far apart on our perceptions of what is a reasonable market price for the particular buildings in question to enable us to do business at this stage. ICI understandably wish to put the matter to the test of the open market. The position is summarised in the following table:

	IC House	Thames House South	Total
PSA/DV's Valuation	£23.5M	£22M	£45.3M
ICI's original asking price	£45M	£36.5M	£81.5M
PSA's opening offer for both buildings	-	-	£35M
ICI's latest firm offer	£35.7M	£33M	£68.7M

There are a number of major accommodation problems we will have to resolve in the Whitehall/Westminster area over the next few years. PSA needs to be settling plans for these moves now because of the long lead times in finding large buildings, preparing them for occupation and organising the movement of large numbers of staff.



In the circumstances, I have agreed that PSA should call off their negotiations with ICI and look for other solutions to the accommodation problems. They are already in touch at official level with the Departments immediately affected by this change.

I am copying this minute to Norman Fowler, Peter Walker, Michael Jopling, Peter Rees and Sir Robert Armstrong.

PJ

P J

18 July 1984

Govt Buildings: Purchase of Recomm in Waterloo Area
July 83.





From the Minister

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

MANAGEMENT IN CONFIDENCE

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1

31 January 1984

nbpm
DMS
31/1

MILLBANK AND GOVERNMENT OFFICES NEAR WHITEHALL

Thank you for copying to me your minute of 19 December to the Prime Minister.

I am sorry to hear that negotiations with ICI are not going more promisingly. As you recognise, my Department is keenly interested in the prospect of acquiring accommodation on Millbank, in particular in order to enable us to move out of our very poor offices in Great Westminster House when the lease there expires in March, 1987. Clearly pretty early decisions about the feasibility of the Millbank solution are needed in order to allow time for all the necessary planning and preparations - and, if the Millbank idea falls through, for finding alternative accommodation. I was glad to note therefore that you expect by Easter to be able to form a firm view on the prospects for a deal with ICI.

I am copying this to the Prime Minister, Peter Walker, Norman Fowler, Peter Rees and Sir Robert Armstrong.

MICHAEL JOPLING

Gout Bldgs
Purchase.

July 83

31 JAN 1984



MANAGEMENT IN CONFIDENCE

File

DSG

22 December 1983

MILLBANK AND GOVERNMENT OFFICES NEAR WHITEHALL

The Prime Minister was grateful for, and has noted, your Secretary of State's minute of 19 December about the possible purchase of Imperial Chemical House.

MR. D. BARCLAY

Alan Davis, Esq.,
Department of the Environment.

MANAGEMENT IN CONFIDENCE



Prime Minister

To note that negotiations continue for the possible purchase of Imperial Chemical House.

PRIME MINISTER

mt

Done
20/12

MILLBANK AND GOVERNMENT OFFICES NEAR WHITEHALL

You agreed in August that my officials should open talks with ICI about the purchase of Imperial Chemical House, without any commitment on the Government's part.

ICI's outlook regarding the proposed move of their HQ from Imperial Chemical House appears to have changed substantially in the past year. It is now clear, from the initial talks, that the company is not now planning an early move from the building with the emphasis on a quick sale. This is reflected in their asking price which, at around double our initial valuation, is quite unreasonably high. We will be trying to persuade them to move to a more realistic figure, and further detailed surveys may be needed as a basis for negotiation.

For this reason I may not be in a position to take a firm view on the prospects for a deal at an acceptable price much before Easter. We will need to settle the matter one way or another by then in order to plan for the substantial moves of Departments in the greater Whitehall area that will be needed as leases fall in over the next few years. This is of particular concern to MAFF, Energy and DHSS.

I am copying this minute to Peter Walker, Norman Fowler, Peter Rees, Michael Jopling and to Sir Robert Armstrong.

PT

P J

19 December 1983

Gent Mlgs,
July '83
Purchase of
Accommodation

83



Re K
Govt. Buildings

10 DOWNING STREET

From the Private Secretary

26 August 1983

Millbank and Government Offices near Whitehall

The Prime Minister has seen your Minister's minute of 24 August. In the light of his advice, she agrees that officials may open talks with ICI about the purchase of Imperial Chemical House, without any commitment on the Government's part. She would, however, like to see the details of the resulting savings before the announcement of any purchase.

I am copying this letter to John Gieve (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

W. F. & RICKETT

Paul Britton, Esq.,
Department of the Environment.

SB



Minister for Housing and Construction

Prime Minister

In the light of this, agree that officials may open talks with ICI, on a non-committal basis, about the purchase of Imperial Chemical House in Millbank?

Prime Minister

MILLBANK AND GOVERNMENT OFFICES NEAR WHITEHALL

I am replying to Michael Scholar's letter of 28 July to Patrick's Private Secretary, as Patrick will be away until the end of the month.

You asked, about the future of County Hall. We will be looking later this Autumn, into the whole question of the future of GLC's properties after abolition. There has already been some speculation that private interests might want County Hall for conversion to a hotel. Use as government offices is also a possibility, though the Council Chamber and public galleries would be something of a white elephant.

Whatever is finally decided on the future of County Hall it will be a number of years before the buildings could become available and made ready for alternative use. In the meantime, with the leases on such a large amount of office accommodation in Greater Whitehall area due to fall in over the next few years, we must continue to explore all the practical possibilities for providing the alternative accommodation that will be needed, including the purchase of Imperial Chemical House and other properties in Millbank. The chief attraction of that option is the prospect it offers of giving up some large and expensive leasehold buildings in the area: for example, Great Westminster House and Horseferry House. We certainly envisage any announcement of a major purchase being accompanied by an announcement of the surrender of expensive leases, which would be very much to the taxpayer's advantage, though whether we could name actual buildings at the same time would depend on the state of negotiations with the landlords.

A good deal more work is needed on the various options and I hope you will now agree to Patrick Jenkin's proposal that officials should start talks with ICI, without any commitment on our part. The purpose of those talks is to see whether we can save money on accommodation.

I am sending copies of this minute to Peter Rees and Sir Robert Armstrong.

IAN GOW

24 August 1983

Govt Buildings: Purchased accom in
Whitehall 7/85

MS 29/17



10 DOWNING STREET

From the Private Secretary

29 July 1983

Millbank and Government Offices near
Whitehall

The Prime Minister was grateful for your Secretary of State's minute of 27 July, in which he sought agreement to opening talks with ICI, on a non-committal basis, about the purchase of Imperial Chemical House on Millbank.

BF | The Prime Minister has asked what the prospects would be for turning over County Hall to governmental use, together with its associated buildings. She has further minuted as follows:-

"For a Tory Government to purchase extra office accommodation will make a big news story. We should have to announce precisely what we are going to give up."

I am sending copies of this letter to John Gieve (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

MS.

John Ballard Esq
Department of the Environment.

COMMERCIAL IN CONFIDENCE

K

Ref. A083/2293

MR BUTLER

Millbank and Government Offices near Whitehall

attached I have seen the Secretary of State for the Environment's minute of 27 July to the Prime Minister.

2. I very much hope that the Prime Minister will agree that the Secretary of State for the Environment should press ahead with discussions about the possibility of acquiring ICI's headquarters building on Millbank. I believe that it would make a lot of sense to acquire this building for Government headquarters offices. It could be a good solution to the problem of housing the Board of Inland Revenue, if Somerset House is to be diverted to other (eg university) purposes. Richmond Terrace is not big enough to be an answer to that problem.

3. The Secretary of State for the Environment's minute does not say so, but I think that I am right in saying that ICI are not the freeholders of their Millbank building: I believe that they have it on a lease from the GLC.

Re
Approved by
ROBERT ARMSTRONG
and signed in his absence

29 July 1983



10 DOWNING STREET

^{o/r}
Mr Butler / Mr Rickett

W h 29/7
ICI / Millbank

You may wish to defer
putting Sir R Armstrong's minute
of 29 July to the PM until
Mr Jenkin has responded to the
PM's comments in my letter of
29/7.

ML 29/7



*County Hall? And
all suited buildings?*

*For a Treasury fact to purchase under
office accommodation will make*

PRIME MINISTER *top news. We should*

have to announce precisely
MILLBANK AND GOVERNMENT OFFICES NEAR WHITEHALL

what we are going to give up, Mr

Prime Minister

Subject to Treasury agreement,

agree that Mr Jenkin may

open talks with ICI

without commitment?

MC 27/7

A suggestion Sir Robin Ibbes put to one of my predecessors some months ago that the Government might like to buy ICI's headquarters building, Imperial Chemical House on Millbank, opens up a welcome opportunity for achieving an economically sensible rationalisation of the Government's long-term accommodation needs in the Whitehall area. I am anxious not to let it slip and would like to press ahead with discussions. But we first need to be clear that there is no insuperable political objection to the principle of buying property for housing Government departments from a private company which is vacating it on cost-saving grounds.

The whole question of the Government's future needs for office accommodation in and around Whitehall has been brought to a head by the fact that the leases of over 1 million square feet of Government office space in the area will expire over the next few years. The attached table summarises the position. In some cases the expiring leases can be renewed, but in others renewals will either not be on offer or would not make good economic sense. In any event, there is going to be a need for some substantial moves to allow older buildings to be refurbished and accommodation will have to be found for the decanted staff. The needs of departments to remain in the Whitehall area will, of course, be an important factor in our planning. But it would be unrealistic to proceed on any assumption other than that a large proportion will have to stay within this location.

COMMERCIAL IN CONFIDENCE

Sir Robin Ibbs' suggestion has once again raised the question whether it would not be better for the Government to buy property as a substitute for expensively leased accommodation. It is common ground between PSA and the Treasury that in the long-term buying represents better value than leasing. Indeed, the Public Accounts Committee has criticised our high proportion of leased accommodation in London for this reason.

Imperial Chemical House would be particularly well placed for Government use and it would have the added advantage that it is not in an area of prime commercial value. The total cost, including renovation, of acquisition might be up to £30M. generating annual savings initially of about £3M per annum. If, as seems possible, we could also acquire the other three buildings in the Millbank area which are listed in the Annex we would have an economically more attractive package at a cost of some £80M with rent savings of up to £14M a year, savings which would of course increase in line with the general level of rents that would otherwise have to be paid.

A good deal more work will be needed before I am in a position to put forward proposals for collective discussion with colleagues. I am discussing the PES implications separately, but the immediate need is to open talks with ICI, on a strictly non-committal basis, to fill out the details of their proposals and the likely timing of their own move from the building. I should like to set these in hand right away. Any questions this might raise - and there is already speculation in the estates press about the Government's intentions regarding Imperial Chemical House - could be dealt with on the basis that we had been approached by ICI and were now exploring with them what they had on offer.

I should be grateful to know if you see any political objection to my proceeding on this basis, with a view to preparing proposals for collective discussion with colleagues in the autumn.

I am sending copies of this minute to Peter Rees and
Sir Robert Armstrong

27 JUL 1983

PJ

PJ

HQ OFFICE ACCOMMODATION IN THE WHITEHALL AREA

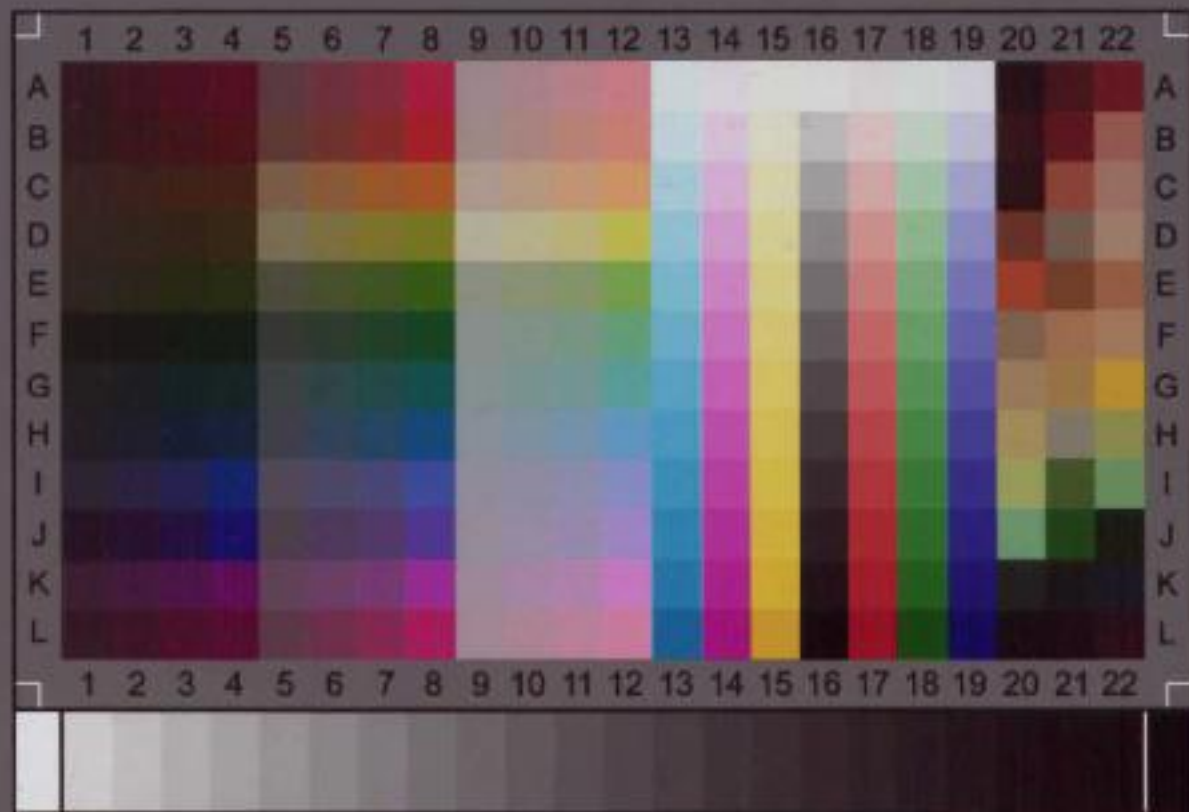
('000 sq ft net, including storage
and other ancillary accommodation)

<u>Crown-owned</u>		<u>Leased</u>		of which the leases expire as follows:
2418		2418		
		222	in	1982
		224	"	1983
		31	"	1984
		120	"	1985
		191	"	1986
		228	"	1987
		43	"	1988
		13	"	1989
	ie	1072	before	1989
		1346	<u>after</u>	1989
Totals	2418 +	2418	=	4836

POTENTIAL PURCHASES ON MILLBANK

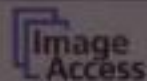
<u>Building</u>	<u>Owners</u>	<u>Present Occupants</u>	<u>Area*</u>
Imperial Chemical House	ICI	ICI	230
Thames House South	"	Dept. Energy	222
Thames House North	"	Various	190
4 Millbank	Crown Agents	Crown Agents	110
		Total	752

* Areas converted to nett to accord with above.
All areas will require verification on site.



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IT-8 Target

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