



RESTRICTED

Govt Buildings

PRIME MINISTER

International Conference Centre
(E(80) 51)

BACKGROUND

The Secretary of State for the Environment and the Foreign Secretary propose that a new International Conference Centre should be built on the Broad Sanctuary site in Parliament Square. A decision is needed urgently if there is to be any prospect of completing the building in time for the third United Kingdom Presidency of the European Community which will fall in late 1986 or early 1987 (depending on the progress in enlarging the Community). If tenders are placed this month for the next stage of foundation work on the site, the earliest that the building could be completed is the Spring of 1986. But there must obviously be a considerable risk, with a conspicuous public contract of this kind, that slippage could take the completion well past either the late 1986 or early 1987 timetable.

2. The project would cost about £30 million at 1979 prices phased as follows:-

	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
£ million	1.4	2.8	2.2	7.9	8.8	4.1	3.4

The paper states that the Conference Centre could be accommodated within the PSA's PES provision, together with "other essential requirements". The definition of "essential requirements" which Mr. Heseltine has in mind may well not be the same as that of other Ministers, and if so the Centre is in competition with their other buildings. For example, in the final PES year, the Conference Centre would take £7.9 million, and the computerisation of PAYE would take over £6 million, out of a total new works provision of £25 million. Thus the scope for other schemes, some of which will have been deferred from earlier years, will be limited.



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3. A further problem is that there is as yet no provision for £1 million in 1981-82 on the Parliamentary Accommodation Vote for work on the Parliamentary Telephone Exchange which would be incorporated in the Centre. Mr. Heseltine does not offer to offset this and so it is an additional public expenditure bid.

4. The paper considers alternative methods of providing for the United Kingdom Presidency, but implies that these are very unattractive. We should of course have in any case to make the best of what was available, if the Conference Centre was not ready in time.

5. The paper suggests that private sector investors would not be interested in providing a building. That would of course depend on the terms. Such a solution - if it were feasible - would take the whole capital cost of building outside public expenditure, but would mean that the cost of running the Centre would be higher than they would otherwise be, because of the inclusion of rental costs.

6. The Centre would be a prestige building, on a very prominent site. A decision to proceed would undoubtedly attract considerable public and political attention.

7. Against this it can be argued that a major central conference centre would fill a considerable gap in the facilities available in London for holding major international conferences and could be expected to generate substantial income for the economy, if not directly for the Government, once it had been completed.

HANDLING

8. You might ask Mr. Heseltine to introduce the paper, and Lord Carrington to add any comments. Since the arguments are primarily about relative priorities, you might then seek comments from Mr. Biffen, and then from any other Ministers who feel the Centre is in competition with their own building projects.

9. Questions which you might seek to clarify are:-

(i) Would it be reasonable to rely on a 1986 completion?

(ii) Would the costs of not building the Centre - e. g. in providing temporary facilities for such occasions as the United Kingdom Presidency or in lost revenues to the hotel industry mean that



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the real cost of the Centre is a good deal less than appears on the surface?

- (iii) Should the possibility of private funding be further explored?
- (iv) How is the £1 million on the Parliamentary Telephone Exchange to be funded within PES ceilings, and what alternative arrangements for providing these facilities must be made if the Centre is not built?

CONCLUSIONS

10. Depending on the outcome of the discussion, you will wish to conclude:-
- Either that the Conference Centre should proceed, and that initial tenders should be placed immediately;
 - Or that it should be abandoned;
 - Or that a decision should be deferred, pending further study of the costs of not proceeding and the arrangements to be made for handling the additional expenditure in 1981-82 on the Parliamentary Telephone Exchange.

REA

(Robert Armstrong)

10th June 1980



*CE Econ Pd: P69
Public Expenditure*

PRIME MINISTER

PSA NEW WORKS PROGRAMME

Since my minute to you of 24 March I have had discussions with John Biffen and Paul Channon about PSA's new works programme. I have also consulted Departmental Ministers about their operational requirements for 1980/81. Some Ministers have agreed to defer their schemes for the present; others have been able to transfer funds from their own PESC for this purpose; and PSA have been able to reprogramme some of the work. The result is that it should be possible to make a start this year on all schemes considered operationally essential and that were programmed to start this year.

This one item on which agreement has not yet been reached is the International Conference Centre, which is to be considered by E Committee on Wednesday this week. As I explain in my joint paper with the Foreign Secretary on that project, I judge that it could be accommodated within the PSA PESC (it has been in the programme previously) if the Government decides it should go ahead.

This does not mean, of course, that the funds now available for major new works are sufficient to meet all the requirements to which Departmental Ministers may attach importance. Nor can it take account of future needs not yet identified. The programme has always been restricted and it has to be managed flexibly in response to changing priorities. There will now need to be consultations with Departments at official level on the programme for subsequent years in the light of what is known about future requirements. I will then confer again with John Biffen and Paul Channon on the programme of starts for 1981/82.

I am copying this minute to all Cabinet colleagues, to Norman Fowler, to Paul Channon and to Sir Robert Armstrong and Sir Ian Bancroft.

with

MH

June 1980



OPEN NITE ON



Govt Budgets cc HMT
CDL JS

10 DOWNING STREET

From the Private Secretary

15 May 1980

The Prime Minister was grateful to your Secretary of State for his minute of 12 May, in response to her enquiry about the possibility of using Somerset House as a conference centre.

Mr. Heseltine's minute makes it clear that Somerset House would, in important aspects, be as limited as current facilities. The Prime Minister does not, therefore, wish to commission a more detailed review of its potential.

I am sending copies of this letter to George Walden (FCO), John Wiggins (HM Treasury) and John Stevens (Chancellor of the Duchy's Office).

M. A. PATTISON

D.A. Edmonds, Esq.,
Department of the Environment.

PRIME MINISTER

You raised the possibility of Somerset House serving as an international conference centre, in place of the proposed new building on the Broad Sanctuary site.

The Broad Sanctuary site issue is coming to E shortly. In the meantime, Mr. Heseltine has commented in the attached minute about the Somerset House suggestion. The main problem is that the largest room there is smaller than the largest room in Lancaster House, and therefore very much smaller than the larger rooms included in the planned new building. Mr. Heseltine and Mr. St. John-Stevás are hoping to make Somerset House the home for a major art collection, and are in contact with the Courtauld Institute about this.

Mr. Heseltine offers to undertake quickly a more detailed review of the potential of Somerset House. This would be available as a background for the forthcoming E decision.

On the face of it, his present report makes it very clear that Somerset House cannot improve on existing inadequate facilities. I doubt whether there is a case for spending more staff time on investigating it.

Agree?

MAD Yes ml

14 May 1980



FCS/80/87

CHIEF SECRETARY TO THE TREASURY

International Conference Centre (ICC)

*will request
if required*

1. In spite of the difficulties to which you refer in your letter of 30 April, Michael Heseltine and I have been preparing a joint Memorandum which we hope to circulate shortly, inviting our colleagues to agree in principle, subject to the availability of funds, that the ICC project should continue as planned.
2. Any delay now is likely to result in the Conference Centre not being ready by the time of the third British Presidency of the Community in 1986/87 and we should have to make temporary arrangements to meet our Presidency commitments. This could prove exceedingly expensive; for instance, I am told that the cost of adapting the Lancaster House complex for the 1977 Conferences amounted to £2½ million at 1977 prices.
3. You suggested that Ministers should use their own Vote allocations to enable their Departmental projects to continue when they considered this essential. Unfortunately, this will not help the ICC as this is essentially a common-user project; the building will be available by PSA to all Government Departments and to Parliament.
4. I am sending copies of this minute to the Prime Minister, other Members of the Cabinet, Paul Channon, Norman Fowler, and Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office
13 May 1980



The specification for the proposed Conference Centre on Broad Sanctuary includes five meeting rooms ranging from 2,300 to 11,200 square feet and a large auditorium. These are the kind of facilities that are needed to cater fully for inter-governmental conferences and which cannot be provided in Lancaster House.

We are as you know under constant pressure too to open up the fine rooms for public access on a permanent basis. My own view (which is shared by Norman St John-Stevas) has been that they would be an appropriate home for a major art collection, since they were once the home of the Royal Academy and the building is quite close to the National Collections. The Courtauld Institute has expressed an interest and, while negotiations are at an early stage, we both strongly favour this as a long-term solution.

There is no doubt that the requirement for new conference facilities could best be met by the Broad Sanctuary scheme. The Foreign Secretary and myself will shortly be presenting a joint paper on this proposal. But, of course, it may not be possible to find the resources for it at present - in which case we will not be able to accommodate the UK Presidency in 1986/87 unless we can find an alternative. I doubt whether Somerset House would meet the need and it would certainly be expensive: but we would need to examine it more closely.



Perhaps the best way forward is for me to undertake a quick review of the potential of Somerset House which could be in the minds of colleagues when we take a final decision on the Conference Centre.

I am copying this to Peter Carrington, Geoffrey Howe and Norman St John-Stevas.

MH

M H

12 May 1980