



Foreign and Commonwealth Office

London SW1A 2AH

8 May, 1985

*Prime Minister*

*Dear Charles,*

*MR*

*CDP  
8/5*

Falkland Islands: New Hospital

Last October, following a meeting with Sir Rex Hunt, the Prime Minister instructed that the financing of a single joint hospital in Stanley was to be resolved between the ODA and MOD. This was done, and planning for the new hospital has proceeded on the basis of the outline design prepared by the DHSS consultant.

Because of the need to have the new hospital built and operational by late 1986, before the garrison moves from Stanley to Mount Pleasant, it was decided to restrict tendering to the three consortia already established in the Islands: Laing-Mowlem-Amey Roadstone; Fairclough-Miller; and Taylor Woodrow-Wimpey. Tenders have now been received, and the cost of the project overall (which includes sheltered housing for the elderly and staff accommodation as well as the hospital itself) appears likely to be £11.5 million or so. The original and provisional estimate by the DHSS hospital architect was £8.0 million. We have asked for an urgent explanation for the worrying degree to which tenders have exceeded their first estimate. At first sight the reasons seem to be partly design changes since that estimate, and partly an underestimate by the architect concerned of all the extra costs associated with construction work in the Islands.

Prince Andrew will be unveiling a plaque for the new hospital on 11 May and has agreed that the new wing should bear his name. Subject to a satisfactory tender report from the consultants responsible for the detailed design, we hope the successful contractor for the project will be nominated before the ceremony takes place. Allowing for finalisation of the design and a fixed price contract, and a mobilisation period, we envisage that work will start on site later in the year, with the onset of the Falkland spring.

I am sending a copy of this letter to Richard Broadbent in the Chief Secretary's office.

*Yours ever,*

C D Powell Esq  
10 Downing Street

(P F Ricketts)  
Private Secretary

*Peter Ricketts*