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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Douglas Hurd CBE MP  
 Secretary of State for Foreign Affairs  
 Foreign & Commonwealth Office  
 King Charles Street  
 London  
 SW1A 2AH

29 June 1990

*Dear Douglas*

**FCO DIPLOMATIC WING: POTENTIAL RESERVE CLAIM**

I was disappointed to see from your minute of 14 June that the estimated costs of the NATO summit in London on 5 and 6 July had increased to £4.5 million since my letter of 21 May agreeing exceptionally, in principle, to a Reserve claim of up to £3 million to cover those costs.

2. I acknowledge that your earlier bid for £3 million was made in the very early stages of making the arrangements to host this summit. Also, I appreciate that the problem that most central London accommodation was booked for other purposes by the time the summit was agreed has been compounded by the consequent need to rent and equip expensive marquees when there is a high demand for such equipment. As you say, that has added greatly to costs. Nevertheless, I am sure you will agree that we need to carry out the arrangements for this summit as economically as possible and to minimise the impact on public expenditure.

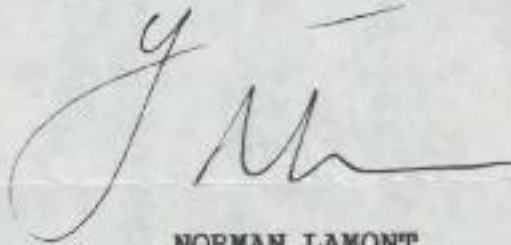
3. In the circumstances you have explained, I am prepared, reluctantly, to accept in principle an increased claim on the Reserve of up to £4.5 million to cover the costs of NATO summit. I regard this as a maximum. Should there be any costs over and above this estimate, they would have to be met from within your programmes. My agreement is therefore on condition that you keep the costs as far as possible below this figure, and that you strive to achieve economies elsewhere in order to reduce the effect on your programmes. Please will you let me have a breakdown of the final costs of the Summit when the event is concluded.

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4. Also, you warn that savings which may arise in the course of the year are most unlikely to meet unavoidable requirements, some of which were mentioned in your previous minute of 10 May. I recognise your right to return to that issue later. However, I must emphasise the request in my letter of 21 May for you to continue to explore every possible avenue to avoid any further claims on the Reserve later in the year. That requires an active search for savings, not just revising forecasts as the year progresses.

5. I am copying this letter to the Prime Minister and to Sir Robin Butler.

A handwritten signature in black ink, appearing to be 'N. Lamont', written in a cursive style.

NORMAN LAMONT

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