



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Tom King MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

10/5
9 May 1983

2 Tom
BRIDGE STREET

Thank you for your letter of 27 April seeking my agreement to additional sums of £5 million being made available in 1985-86 and 1986-87 for Phase 1 of the Bridge Street project. I have also seen John Biffen's letter of 27 April.

Michael Heseltine's minute of 22 July 1982 to the Prime Minister said that he hoped to find most of the project's estimated cost of £15 million from within existing PES totals. In my letter to him of 11 August 1982 I made it clear that I agreed to the announcement of the appointment of the architects only on the understanding that costs would be found from within existing provisions within the PESC period.

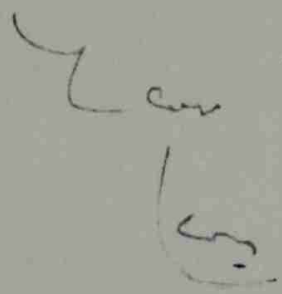
I was, therefore, disturbed to hear that you consider that additions of £10 million will now be required, partly because the estimate has, apparently, risen by over £2 million. If you are to sustain a case for this additional finance I shall require to be satisfied on the reasons. In any case I certainly could only consider such a bid at the appropriate stage of the 1983 Public Expenditure Survey. I note your desire, and John's, to be able to indicate the Government's position when the Services Committee's report is debated. But I see no way in which I can avoid considering this call on funds, desirable as it may be, alongside all others. Only in that way can we ensure that proper account is taken of priorities, and of the full possibilities of offsetting savings.

I am sure that it would be premature to reach a decision now. I am afraid, therefore, that I am unable to agree to your proposal that the programme totals for 1985-86 and 1986-87 should be increased at this stage.

John Biffen also drew attention to the conclusion in the report produced for the PSA by Edward Erdman and Sons that private sector organisations would be interested in undertaking the construction of a mixed Parliamentary building complex on the remainder of the Bridge Street site (known as Phase 2). As I said in my minute of 29 July to the Prime Minister, our officials must discuss the

issues further before any approach is made to private sector developers. This is likely to be a difficult area and we need to explore thoroughly all the costs and benefits of the alternatives. I hope that this will be made clear to the Select Committee when they approach the PSA in taking evidence for a further Report. In the meantime I have asked my officials to get in touch with yours to consider further the options for Phase 2. I would also add that there can be no presumption that any public funds will be made available for the development.

I am copying this to the Prime Minister, John Biffen, and the Chief Whip.

A handwritten signature in dark ink, appearing to read 'Leon Brittan', is written above the printed name.

LEON BRITTAN

GOV. BUILDINGS : Restoration and renovation of the
Westminster Area : Pt 2



Tom agree 12/5
Can we take it that
there no need to w/b
the attached any longer.

The discussion and
correspondence between
S/S Environment and CST
continues and officials
are becoming involved.

Is there anything to be
gained by ~~continuing~~ nagging
~~staying~~ away when we
are copied the correspondence
as a matter of course.

Mark
12/5



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

27 April 1983

Dear Leon,

BRIDGE STREET DEVELOPMENT

Tom King is writing to you today about the implementation of Phase 1 of the Bridge Street development as recommended in the recent Report of the Services Committee. Tom takes the view that this project should now proceed and I entirely share this view. We will need to hold a debate on the Services Committee's Report before long and I think it important that I should be able to say in the course of the debate not only that the Government accepts the Report but that the necessary funding will also be made available. I hope therefore that you will be able to agree to Tom King's proposals.

I should like to add one further observation concerning the longer-term development of the remainder of the Bridge Street site (known as Phase 2). The Services Committee include in their Report as an appendix a study by the surveyors, Edward Erdman and Sons. Their remit was to assess the prospects for private sector participation in the development of the remainder of the site in such a way as to provide for a measure of Parliamentary accommodation without cost to public funds in compensation for the waiver of ground rent for a substantial period. Despite the many complications inherent in such an approach, Edward Erdman conclude that private sector organisations would be interested in undertaking the construction of a mixed Parliamentary building complex which might provide sufficient accommodation for 200/210 MPs together with their support staff. The Services Committee propose to consider further the options for phase 2 in the light of decisions taken and views expressed by the House on their Report. I believe that this approach toward the development of the rest of the Bridge Street site is a promising one and will encourage the Services Committee to make speedy progress on a further Report on Phase 2.

I am copying this letter to the Prime Minister and the Chief Whip.

JOHN BIFFEN

The Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury

Govt Bldgs,
Restoration and
Renovation, Pt 2

27 APR 1983

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1



1) Mr Ricketts
2) pa

27/4

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

27 April 1983

Don Lee PH1

On 22 July last year, Michael Heseltine circulated a minute to colleagues about the proposed redevelopment of the Richmond Yard and Bridge Street sites. Following the Prime Minister's agreement to those proposals, Michael wrote to you on 9 August seeking agreement to a draft public announcement. As far as the Bridge Street scheme was concerned, Michael thought that the costs of Phase I would be comparatively modest, and suggested that they could be most appropriately discussed as part of the 1983 Public Expenditure Survey. You were content with this way of proceeding, and Michael made an announcement about the scheme on 12 August.

Steady pressure from the Chairman of both the 1922 Committee and the PLP has been maintained. Since August 1982 the A and A Sub Committee has taken evidence about how best the Parliament Street part of the Bridge Street site might be used for Parliamentary purposes. The Services Committee have now published their unanimous report.

A new approach is now proposed. The Committee wishes to revert to the cautious stage by stage development which Sir Hugh Casson suggested in his 1979 feasibility study but with even greater emphasis on Conservation. All the exteriors on Parliament Street (Whitehall) will be retained or restored to their original design. All the historic interiors will be retained or restored. This approach has been widely welcomed and conservation circles.

The £2m which it would in any case cost to put the existing building into working order will be put to far more fruitful use as part of a comprehensive scheme. Purpose-built accommodation for Parliament can be fitted into and around the historic buildings.

The Parliament Street block is to be used so as to make a major impact upon life in the Palace of Westminster. By moving a substantial number of ill-housed and overcrowded staff from the Palace to Parliament Street it will be possible to house an increasing number of members close to the chamber.

It is proposed to seek the approval of the House by means of a debate as soon as possible, before the Summer recess.

During the debate, it will certainly be necessary for the Government to answer questions about the funding of the scheme. The Property Services Agency has no authority to spend anything on the scheme apart from the necessary consultant's fees in 1983/84. Last year's announcement said (at your request) that progress beyond the policy stage will be subject to the acceptability of the detailed plans and their cost. We must now be prepared to go further than that. We are therefore writing to set the financial implications before you now, rather than wait for the normal PES discussions later in the year.

The existing provision for the Department of the Environment's programme for the Houses of Parliament is set out at Annex A, together with the funding requirement for Phase I assuming construction starts as quickly as possible. While the total cost of the Parliament Street scheme, at £17.9 million, is likely to be a realistic figure, the cost could well be spread differently from the figures shown in Annex A. Assuming, however, that its cost does fall as shown, we think the Department can absorb the extra in 1984/85 and (assuming the PES provision is projected forward at the 1985/86 level) in 1987/8. This would be done by making savings on the existing new works and maintenance provision, though keeping going the stonework restoration scheme. Although separate contracts are let for each main elevation, we would not want to slow down this work. It is being very well received by Members and the public alike. It is also essential conservation work. The problem will arise in 1985/86 and 1986/87 when we shall be about £10 million adrift in total, even after making the maximum practicable reductions in other expenditure on the Houses of Parliament.

You will see from Annex A that some £5 million per annum is required to keep the Parliamentary buildings going as they stand. This excludes all new work, however minor, and major maintenance schemes. If we excluded all such work, other than the stone restoration, for 2 years and confined expenditure to day-to-day maintenance heating and lighting, a contribution of £3 million could be made towards the Bridge Street scheme in 1985/86, and again in 1986/87. In practice, we do not believe such a strict regime would be practicable or acceptable to Members. The Services Committee's Report touches on this point, and also points out that the Department would have to spend some £2 million on the existing buildings on the Phase I site if they were to be brought back into full use for Government offices. In our judgement, therefore, a contribution of £2 million per annum is the maximum that can be made in the two peak years, leaving a requirement for additional public expenditure of £5 million in 85/86 and 86/87.

Michael Heseltine's minute of 22 July indicated that he would look to you for the balance, but in your letter of 11 August you suggested that this would have to be found from the Departments existing provision. It does not seem that this can be done as far as PSA expenditure is concerned. As you will appreciate, under the Property Repayment Services system, most of the spending on accommodation is now funded by

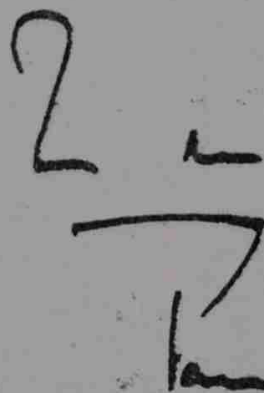
Departments and not by PSA; there is very little scope for reducing PSA's spending. In fact, as the agreement for funding a special office improvement programme in 1982 showed, the need now is to spend more on the office estate, not less. So we shall need to pursue the funding of Bridge Street set on the basis of an additional bid in the 1983 Survey without being able to offer more than the offsetting savings mentioned above.

As, however, the size of extra funds needed is relatively small (£5 million a year) we would hope that you could see your way to our telling the House that we can expect them to be available, in advance of the usual discussions on public expenditure which will be held later this year.

The latest proposals by the Services Committee would achieve a significant increase in the amount of parliamentary accommodation and would be consistent with a policy of bringing Members nearer the Chamber. The details of the scheme are much less open than previously to criticism on financial grounds. Architecturally they could be attacked only by some who would favour a demonstrative new building on this most sensitive site.

In our view we now have an opportunity which should not be missed.

I am copying this to the Prime Minister, and to the Chief Whip.

A handwritten signature in black ink, consisting of a large '2' followed by a horizontal line, a vertical line, and a horizontal line, resembling a stylized 'TK'.

TOM KING

THE LIKELY FUNDING REQUIREMENT

Year	Day	Works	Fees £m	Furniture & Equipment	Totals
1	1984/85	1.9	0.5		2.4
2	1985/86	6.2	0.7		6.9
3	1986/87	6.4	0.7		7.1
4	1987/88	0.5	0.3	0.7	1.5

BREAKDOWN OF THE LIKELY PES PROVISION FOR THE HOUSES OF PARLIAMENT PROGRAMME
(DOE VOTE 14.1 PROGRAMME 13.1) FROM 1984/85 ONWARDS

	£m
<u>Committed Expenditure</u>	
Fuel and Rents	1.2
Administration	1.0
Operating Costs	2.8
Sub-Total	<u>5.0</u>
<u>Uncommitted Expenditure</u>	
New Works	1.1
Maintenance schemes (including stone restoration)	3.3
Sub-Total	<u>4.4</u>
TOTAL	<u>9.4</u>