



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

Pine Muntis

18 November 1983

To note

Dear Liam Riordan

*at the Bridge St
Exhibition in
Westminster Hall*

INTERNATIONAL CONFERENCE CENTRE: BROAD SANCTUARY

You asked me on 15 November about the accuracy of press reports that the cost of the Conference Centre was rising steeply, and was in excess of approval. In particular, you were concerned about the provision for inflation.

The allegations in the press are unfounded, as the attached reply to David Sumberg's question on 17 November makes clear.

I think that the reply is comprehensive enough to cover the points you raised with me when we met. If, however, there are other points on which you would like clarification, please let me know and I will do my best to respond to them.

Yours sincerely

*I think this is
most disappointing
comments to you.*

SIR GEORGE YOUNG

*Please let me have a
look at Cabinet papers about it.
I don't remember the L.Y. or
any suggestion that prices should
be automatically indexed for
inflation.*

I have said to the PM
that if my reading of para: 1 is correct
the £44m. includes the £37.4m. — i.e.
the "extras" cost £6.6m. But an answer is
still necessary to the first question.

FEB

30.11

HOUSE OF COMMONS

Mr David Sumberg (Con - Bury South):

To ask the Secretary of State for the Environment, what is the estimated cost of building the International Conference Centre at Broad Sanctuary; and if he will make a statement.

SIR GEORGE YOUNG

I told the House on 30 March 1983 (Hansard column 172) that the agreed value of the management contract for the Centre at 1st quarter 1982 prices was £35.6m. In real terms, the current estimate for this work, at £37.4m, remains unchanged. The overall estimated cost of all work including telecommunications, security equipment and landscaping, which did not form part of the above contract, is £44m at 3rd quarter 1983 prices. This sum remains within agreed estimates and, as normal includes contingencies, but excludes furnishings.

As announced by my right honourable Friend the Secretary of State for the Environment on 7 April 1982 (Hansard column 367), the Government decided not to proceed with the offer of funding received from the Pearl Assurance Company and instead to use public sector funds to construct the Centre. There has been no change in this position. Bovis Construction Limited were appointed in April 1982 as management contractors for the construction of the superstructure. The form of contract was specifically devised by the Property Services Agency and was not a standard Bovis management fee contract. The earlier contracts for the substructure of the Centre - which includes the parliamentary telephone exchange - were completed as a separate project before Bovis began work.

Despite an early problem when Willment Brothers Limited, who held two of the sub-contracts, went into liquidation; I am satisfied that the project is on programme and is under effective control.

Thursday 17 November 1983 for
Wednesday 16 November 1983 (N^o 122)
Department of the Environment

859/83/84
(36)



10 DOWNING STREET

Prime Minister

Sorry to trouble you with
this again.

Were you content with
explanation about "variation
of price" clauses?

DMS
19/12



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

My ref: PSO/46430/83
Your ref:

12 December 1983

Dear Mr Barclay,

INTERNATIONAL CONFERENCE CENTRE: BROAD SANCTUARY

Thank you for your letter of 30 November.

The Prime Minister is correct in assuming that the overall cost of the construction of the Conference Centre, given as £44m, includes the £37.4m. The latter figure is the current (third quarter 1983 prices) value of the management contract, and the difference between it and £44m is attributable to the ancillary items.

Tender prices for major construction projects fell during the latter part of 1982 and in 1983. But these contracts all contained provision for the recovery by the contractor of a percentage of any agreed increase in the cost of materials and labour above the rates in force at the time of tender.

It has been normal practice for government construction contracts extending beyond a defined period to include a variation of price (VOP) clause, in order to prevent contractors over-insuring in their tender prices against possible inflation. The Chief Secretary has however recently suggested that the threshold for inclusion of such clauses should be raised from 12 months to 2 years. Mr Jenkin has accepted this in principle, subject to consultation with the industry and local government which he proposes to undertake in the New Year.

In the case of the Conference Centre, the difference of £1.8m between the original estimate (£35.6m) and the current value arose from the application of the VOP formula to sub contracts extending over 12 months, compared with the original figure quoted.

*Yours sincerely
Janet Eustace.*

JANET EUSTACE
Private Secretary

David Barclay Esq

Govt Buildings : Int. Cent. Centre
Pt 2

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10 DOWNING STREET

From the Private Secretary

30 November 1983

INTERNATIONAL CONFERENCE CENTRE: BROAD SANCTUARY

The Prime Minister was grateful for Sir George Young's letter of 18 November, with which he enclosed a copy of his answer to a Parliamentary Question from Mr. David Sumberg.

BJA
The Prime Minister would be grateful for some further information about the figures. First, she assumes that the overall cost of £44m at 1983 prices includes the £37.4m for the management contract, and that ancillary items such as telecommunications, security equipment and landscaping account for the difference of £6.6m. Perhaps you could confirm that this is so?

Secondly the Prime Minister has asked why the contract price is apparently adjusted automatically for inflation. She has commented that this policy, if pursued generally, would appear inconsistent with the Government's claim that at a time of falling tender prices it is possible to get more investment from a constant capital provision.

(David Barclay)

Trevor Beattie, Esq.,
Sir George Young's Office,
Department of the Environment

MPs

MEPs

Pensions

The Parliamentary Contributory Pension Fund and the European Assembly (United Kingdom representatives) Pension Scheme provide exactly the same benefits. The basic benefit is a pension equal to one sixtieth times the number of years service (up to a maximum of 40) times pensionable salary in the last year of service. All serving members are required to contribute 6 per cent. of salary. There are also provisions for dependants benefits, the purchase of additional years of reckonable service and the transfer of pension rights.

MEPs receive the same pensions as members of the national parliaments. For Luxembourg, France and Italy, the European Parliament pays a pension equivalent to one third of a Commissioner's salary, subject to national weighting.

ENVIRONMENT

Cyclists

Mr. Stuart Holland asked the Secretary of State for the Environment where cyclists are (a) allowed to push their cycles and (b) allowed to cycle, on pedestrian routes under his control.

Mr. Macfarlane: The information can be supplied only at disproportionate cost.

Stockport (Ministerial Visit)

Mr. Arnold asked the Secretary of State for the Environment if he will make a statement about his visit to Stockport on 17 March.

Mr. King: I had a full discussion with councillors and senior officers about the various initiatives which the council is taking to encourage private sector activity in its area and to improve the local environment. I was impressed by the council's vigorous and imaginative approach.

Non-tradition Dwellings

Mr. Frank Allaun asked the Secretary of State for the Environment how many types of non-tradition dwellings approved by the Minister of Works up to and including 1950 are still lived in.

Sir George Young: My Department does not have this information.

Building Materials Industry

Mr. Frank Allaun asked the Secretary of State for the Environment if he will estimate the approximate number of jobs in the British building materials industry which have been lost through the use of timber frames, steel frames, in situ concrete, reinforced concrete and other categories, respectively, of non-traditional materials.

Sir George Young: No; it is not possible to estimate reliably what the level of employment in the building materials industry would have been had such widely used materials not been introduced.

Conference Centre, Storeys Gate

Mr. Banks asked the Secretary of State for the Environment if he will set out the original building contract price and completion date for the construction of the conference centre on the Storeys Gate site, Westminster; and whether he anticipates that any variations will occur in either figure.

Sir George Young: The agreed value of the management contract for the ICC superstructure at first quarter 1982 prices, including the building costs, the contractor's fee and the fitting out of the parliamentary telephone exchange extension, was £35,604,000. This has not changed in real terms and the completion date for the contract remains 21 January 1986. The contract period will be followed by fitting out and commissioning which is planned to be completed by April 1986. The estimated cost, again at first quarter 1982 prices, of the completed substructure, which includes the parliamentary telephone exchange extension and the foundation and basement for the conference centre, is £5,086,000.

Elderly Persons (Home Repairs Exhibition)

Mr. Squire asked the Secretary of State for the Environment if he will arrange for an exhibition relating to repairs for elderly home-owners, organised by Shelter, to be displayed in the Upper Waiting Hall from Monday 16 to Friday 20 May.

Sir George Young: I understand that Shelter is sending to the Department details of the proposed exhibition. I shall write to my hon. Friend as soon as I have considered its proposals.

Residential Houseboats

Mr. Sims asked the Secretary of State for the Environment if he will seek to amend the law so as to make residential houseboats liable to domestic rates rather than commercial rates.

Mr. Giles Shaw: It is for individual rating authorities to determine—within the terms of the General Rate Act 1967—whether a property should be liable for domestic or non-domestic rates. There is nothing in that Act which would preclude a houseboat from being treated as a dwelling house and hence eligible for domestic rate relief.

Assured Tenancies Scheme

Mr. Heddle asked the Secretary of State for the Environment what information his Department has published about the assured tenancies scheme introduced by the Housing Act 1980.

Mr. Stanley: We have today published a new booklet in the Department's housing booklet series called "Assured Tenancies—a guide for landlords and tenants"—housing booklet No 17. The booklet explains the rights and obligations of landlords and tenants under assured tenancies. It also describes how bodies can become approved to let recently built residential property on assured tenancies and how they may be able to claim