

PERSONAL

PRIME MINISTER

RICHMOND YARD

Sir Robert Armstrong's minute, below, is yet another instalment in the Richmond yard saga.

You are right in thinking that this matter has not been handled well. My minute of 12 June, covering the sheaf of papers, covers the salient documents. In brief:

- early on you made clear your dissatisfaction with the FCO use of Richmond Terrace. But this was taken, rightly or wrongly, as a wish to find extra accommodation for the Cabinet Office and not to keep ODA out of Richmond Yard.
- You were not shown all the documents which led up to the conclusion in January 1985 that the Cabinet Office accommodation requirements could be met without too much disturbance to ODA planning.
- But you did see a DOE progress report of 29 April 1985 which said:

"PSA expects the development to be completed in the first half of 1987; the Cabinet Office and ODA will then be able to move into the renovated and to the new building before the lease on the ODA present accommodation in Eland House expires at the end of 1987."

It is this sentence which Robert relies on in paragraph 7 of his minute below that there was no suggestion that you would not be content with the plans for housing ODA in Richmond Yard.

I entirely agree Richmond Yard is wasted on ODA. It is a handsome building; and should house a premier Department of

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State. The wrong decision was made way back.

Robert suggests two options for unscrambling that decision. I agree that his option 1A - moving 700 DES staff to Richmond Yard and ODA to Elizabeth House - is the better one. Yet there is the question of costs. Robert's minute provides no figures here, but other papers suggest tht the cost might be in net present value terms at least £3-4 million (and *— why* presumably more in actual money). Robert says that these extra costs could be queried by the National Audit Office and taken up by the PAC. I do not think he is bluffing. The PAC are perennially interested in government accommodation (viz the Paris Embassy affair). I would be very sorry if they got hold of this one. There would be no good reason to adduce for changing the tenant and so incurring these costs. There would be criticism of wasted money and inefficiency. This would be bound to damage the reputation built up over the years of your Administration for sound financial management in Whitehall, through your sponsorship of Rayner scrutinies, value for money, etc. I would not want that to happen.

*I want to see why the other Gov. Let DES look*  
For these reasons, I have to advise you, as strongly as I can, *it is* that unsatisfactory as it is, the existing plan for the use of *self* Richmond Terrace should stand. I hope you can agree. *they can accept the present arrangements*

If you do not, would you wish Robert to see whether he can negotiate a solution on the lines of option 1A and persuade the relevant Department to bear the costs?

So, keep the existing plans or option 1A?

Finally, the Cabinet machinery proposed in paragraphs 8 and 9 of Robert's minute is fine, but I do not think that you need Chair the Ministerial committee except in the more difficult cases. Agree?

N.L.W.

N. L. WICKS

1 August 1986

PERSONAL

CAJAHH



10 DOWNING STREET

*From the Principal Private Secretary*

Sir Robert Armstrong

RICHMOND YARD

I have shown the Prime Minister your minute of 31 July about the future use of Richmond Yard.

BE || The Prime Minister has noted that departure from the existing plans will add to costs. Your minute does not indicate the precise amounts, but Sir George Young's paper of 25 July suggests that these might run to at least £3-4 million in net present value terms (presumably more in actual money). Before deciding whether you should explore the Option 1(a) described in your minute, the Prime Minister would like a full explanation of why these extra costs need to be incurred if a tenant other than ODA occupies Richmond Yard. She also would like DES to look at the building to see whether they could accept the present arrangements (and thus minimise, or avoid, any additional costs).

NLW

4 August, 1986.

JK

Ref. A086/2203

MR WICKS  

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Richmond Yard

Your minute of 28 July asked about the future use of the old Home Office building.

2. The building was vacated by the Home Office in 1977. It was then given an extensive restoration and refurbishment as the first stage in a fifteen-year scheme for restoring and refurbishing the whole of the Old Public Offices. The rest of the building has been divided for this purpose into five sectors. Each sector is being done in turn; while a sector is done, the staff occupying it are housed in the old Home Office. The first phase is nearly complete. Early next year those working in the second sector - including the Foreign and Commonwealth Secretary - will be moving into the old Home Office for about two and a half years. The whole programme is scheduled to be completed by June 1996. At that point the old Home Office will become available to house Foreign and Commonwealth Office staff from other London buildings, or for whatever other use then seems to make sense.

3. I understand that the Prime Minister does not have much enthusiasm for the compromise<sup>\*</sup> suggested in paragraph 6 of my minute of 24 July (A086/2163). In that case, and assuming that the Overseas Development Administration (ODA) is not to go into Richmond Yard, I think that we had better go for one of two versions of Option 1 in Sir George Young's paper.

*attended*

\* ODA move 600 staff to Richmond Yard + 80 somewhere else  
DES Minutes + top policy advisers from Elizabeth House  
to Richmond Yard

DISS to use Ergon House 1

Option 1a

About 700 Department of Education and Science (DES) staff now in Elizabeth House move to Richmond Yard.

ODA move to Elizabeth House.

PSA use best endeavours to find a suitable site north of the river for Department of Health and Social Security (DHSS) Ministers and senior management: Ergon House in Horseferry Road is one obvious possibility.

Option 1b

About 700 DHSS staff now in Alexander Fleming House move to Richmond Yard.

ODA move to Alexander Fleming House.

4. I think that we are more likely to succeed with Option 1a, because I think that the Foreign and Commonwealth Secretary might just be persuaded to accept that ODA should go to Elizabeth House but would not accept that they should go to Alexander Fleming House. In any case, if DHSS staff were to move out of Alexander Fleming House, it would make better sense to bring in other DHSS staff from another building than to bring in staff from a completely different Department. It therefore seems to me to make best sense to deal separately with the DHSS, finding some other building in Westminster to meet their requirement, and use Richmond Yard for the DES.

5. Securing this option will depend on finding a Department to bear the extra cost on its programme within existing baselines. There is no provision in existing PES totals. The Treasury will be very reluctant to provide for this from the Reserve or in additional bids. The choice appears to lie between the DES (or

DHSS) and the PSA. It should probably fall on the DES (or DHSS); but they will be very reluctant to take on this expenditure at the cost of something else in their programme.

6. I stand ready to see whether I can negotiate a solution on these lines with the Departments concerned, if the Prime Minister would like me to do so. But I cannot guarantee that the Foreign and Commonwealth Secretary will accept a decision that diverts the ODA from Richmond Yard to Elizabeth House, without seeking a meeting with the Prime Minister (which would now have to take place in September).

7. I feel duty bound to add that I am apprehensive about the possible Parliamentary consequences of the change of plan and the additional expenditure involved. On the Prime Minister's instructions I reopened the allocation of Richmond Terrace in November 1984. My correspondence with the PSA at that time, which was copied to your predecessor, had the purpose of finding room in Richmond Yard for overspill from 10 Downing Street and the Cabinet Office as a requirement of greater priority than the ODA. It became clear in that correspondence that the needs of the Cabinet Office and 10 Downing Street in Richmond Yard could be met without disturbing the plans for housing the ODA there. This was also made clear in a letter which the PSA sent to Mr Andrew Turnbull on 29 April 1985. There was no suggestion from No 10 at that time that the Prime Minister would not be content with such an outcome. If the plan is now changed and extra expenditure incurred as a result, it will not be possible to prevent the National Audit Office from discovering and inquiring into the additional expenditure and the reasons for incurring it, and reporting to the Public Accounts Committee. It would not be easy to find a convincing explanation of the lateness of the decision to change the plan.



PN.  
Not in  
all cases  
necessary.  
Let the  
holders  
do it.  
Report  
difficult  
cases to you?  
N.L.W.

8. At the Prime Minister's meeting on 19 June it was suggested that the problems that have occurred in this matter could be avoided in the future by the creation of machinery for dealing with priorities in the allocation of space for Government Departments and agencies in the Whitehall and Westminster area. I assume that the Prime Minister would wish to chair the Ministerial component of this machinery. I therefore propose the establishment of a Sub-Committee on the Allocation of Accommodation in Westminster of the Ministerial Steering Committee on Economic Affairs, with the following composition and terms of reference:

- The Prime Minister (Chairman)
- The Lord President of the Council
- The Foreign and Commonwealth Secretary
- The Home Secretary
- The Chancellor of the Exchequer (or the Chief Secretary)
- The Secretary of State for Defence
- The Lord Privy Seal
- The Secretary of State for the Environment

Other Ministers would be invited to attend when their departmental interests were under discussion. The terms of reference might be:

"To keep under review the allocation of accommodation to Government Departments in the Whitehall and Westminster area."

9. I should also propose to set up an Official Committee under my own chairmanship consisting of the Permanent Secretaries to the Foreign and Commonwealth Office, the Treasury, the Home Office, the Ministry of Defence and the Department of the Environment, to advise the Ministerial Committee as necessary.



10. It was agreed that we should cancel the meeting arranged for 31 July to discuss the Richmond Yard problem, in view of the other pressures on the Prime Minister and the Foreign and Commonwealth Secretary at this time. If I can negotiate a solution on the lines proposed in paragraph 3 of this minute (including the financial consequences), it may not be necessary to reinstate the meeting of Ministers in September. If a meeting of Ministers is required, that could be the first meeting of the proposed Ministerial Sub-Committee on the Allocation of Accommodation in Westminster.

REA

ROBERT ARMSTRONG

31 July 1986



Westminster Area Restoration: -

(1995)

Govt. Buildings

Pt 2.