



## 10 DOWNING STREET

THE PRIME MINISTER

16 May 1984

*Y  
Tom Grace.*

Mr. John James wrote to me on 14 March about the negotiations for the sale of the site on St. George's Hospital, enclosing a copy of his letter of the same date to the Secretary of State for Social Services. You had told me previously of your concern about the procedures followed by the Department of Health and Social Security in this case.

I have discussed this matter with Norman Fowler. He and I regret that this matter has been so long delayed.

Norman Fowler acknowledges that the procedure of seeking a second professional opinion from the private sector after a negotiation had been conducted through the District Valuer was an unusual one, and indeed that the DHSS have not followed that course before. I can therefore understand your feelings that the Grosvenor Estate have been treated exceptionally.

Norman Fowler has assured me that this two-stage procedure is not one which the DHSS would normally expect to

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follow in future, but his judgement is that this sale is exceptional, both in terms of the importance of the site and of the unusual arrangements governing it. He therefore took the view that the public interest required him to obtain a second opinion.

You will recognise, I know, that I cannot intervene in the negotiation between the DHSS and the Grosvenor Estate. I understand, however, that a basis may now have been found for the resumption of negotiations, and I hope that this will now lead to a settlement which is acceptable and fair to both sides.

Y  
ours sincerely

Nargant Daltan

His Grace The Duke of Westminster, D.L.

ce JR

**DEPARTMENT OF HEALTH & SOCIAL SECURITY**

Alexander Fleming House, Elephant &amp; Castle, London SE1 6BY

Telephone 01-407 5522 ext 6981

*From the Permanent Secretary*

Sir Kenneth Stowe KCB CVO

F E R Butler Esq  
Principal Private Secretary  
10 Downing Street  
London SW1

15 May, 1984

*See Robin.**Pl. type  
He attached  
for the PM's signature*

ST GEORGE'S HOSPITAL

Thank you for your letter of 9 May. We have amended your draft slightly and I attach a copy of the revised version. We are now, we trust, very close to agreement with Grosvenor and a letter such as this should help.

I have not yet been able to agree this draft letter with my Secretary of State but in view of the urgency I am sending it to you direct. If my Secretary of State has any comments we will phone them through.

*Yours sincerely*  
*Ken.*

ENC



E.R.

DRAFT LETTER FROM THE PRIME MINISTER  
TO THE DUKE OF WESTMINSTER

Mr. John James wrote to me on 14 March about the negotiations for the sale of the site of St. George's Hospital, enclosing a copy of his letter of the same date to the Secretary of State for Social Services. You had told me previously of your concern about the procedures followed by the Department of Health and Social Security in this case.

I have discussed this matter with Norman Fowler. He and I share your regret that this matter has been so long delayed. He acknowledges that the procedure of seeking a second professional opinion from the private sector after a negotiation had been conducted through the District Valuer was an unusual one, and indeed that the DHSS have not followed this course before. I can therefore understand your feelings that the Grosvenor Estate have been treated exceptionally. Norman Fowler has assured me that this two-stage procedure is not one which the DHSS would normally expect to follow in future, but his judgement is that this sale is exceptional, both in terms of the importance of the site and of the unusual arrangements governing it. He therefore took the view that the public interest required him to obtain a second opinion.

You will recognise, I know, that I cannot intervene in the negotiation between the DHSS and the Grosvenor Estate. I understand however, that a basis may now have been found for the resumption of negotiations, and I hope that this will now lead to a settlement which is acceptable and fair to both sides.

Nat. Health;

St. George's

Hospital

1/82

14 MAY 1984







10 DOWNING STREET

From the Principal Private Secretary

9 May 1984

Dear Ken,

St George's Hospital

You will see from David Barclay's record of the Prime Minister's discussion with the Secretary of State that the Prime Minister took the view that there was substance in the Duke of Westminster's complaint that the procedures followed over the negotiations on St George's Hospital was unprecedented in the sense that negotiations were first conducted through the District Valuer and that, only when these had reached a conclusion was a second opinion sought from the private sector. The Prime Minister said that she would like to write a letter to the Duke of Westminster about this point and regretting the delay which had been involved, but explaining that she could not intervene and expressing the hope that the resumed negotiations would now lead to a fair and satisfactory conclusion.

I attach a draft of the sort of letter which the Prime Minister might send to the Duke of Westminster in these terms. I should be grateful if you could let me know whether your Secretary of State and you are content with it. The Prime Minister will be seeing the Duke of Westminster at the NSPCC Annual General Meeting next Wednesday, 16 May; and it would be helpful if we could have despatched the letter on Tuesday.

Yours ever,

Robin Butler

Sir Kenneth Stowe, KCB, CVO

DRAFT LETTER FROM THE PRIME MINISTER TO THE DUKE OF WESTMINSTER

Mr John James wrote to me on 14th March about the negotiations for the sale of the site of St George's Hospital, enclosing a copy of his letter of the same date to the Secretary of State for Social Services. You had told me previously of your concern about the procedures followed by the Department of Health and Social Security in this case.

I have discussed this matter with Norman Fowler. He acknowledges that the procedure of seeking a second professional opinion from the private sector after a negotiation had been conducted through the District Valuer was an unusual one, and indeed that the DHSS are not aware of any case in which they have followed such a course before. I can therefore understand your feelings that the Grosvenor Estate have been treated in an unprecedented way. Norman Fowler and I also acknowledge and regret the delay which the procedure/<sup>has</sup>introduced into the negotiations. Norman Fowler has assured me that this two-stage procedure is not one which the DHSS would expect to follow in future, but he felt that this sale was exceptional both in terms of the importance of the site and of the unusual arrangements governing it. He therefore took the view that the public interest required him to obtain a second opinion.

You will recognise, I know, that I cannot intervene in the negotiation between the DHSS and the Grosvenor Estate. I understand however, that a basis has now been found for the resumption of negotiations, and I hope that this will now lead to a settlement which is acceptable and fair to both sides.