

1. MR. ALEXANDER
2. PRIME MINISTER

*I share Chief Secretary's
view. The Pearl Assurance scheme is
a bad deal for HMGC.*

INTERNATIONAL CONFERENCE CENTRE

(a) In his minute at A, Mr. Heseltine concludes that the Barbican Centre can neither be developed nor adapted as an alternative to the Broad Sanctuary scheme.

(b) Lord Carrington has confirmed his requirement for the International Conference Centre. He feels that Cabinet agreed the Centre was necessary, and that the only question to be settled is the method of financing it. The letter from his office at B gives supporting evidence for the need for such a Centre.

(c) However, the Chief Secretary has re-stated his view that the Pearl Assurance offer of finance is unacceptable. He points out it will be two to three times more expensive than financing the scheme by Government borrowing. He feels the Government will be criticised for proceeding unless the Broad Sanctuary scheme is financed, constructed, operated, and managed by a private sector company with the Government as the main customer. Mr. Wolfson also remains unconvinced that the cost estimates for the scheme are realistic and that the FCO have made a sufficient case for the scale of the development.

Page C
(d) I have talked to DOE and they confirm that the points made in Mr. Heseltine's letter to the Chief Secretary of 26 February still stand. These are as follows:

First, Healey and Baker, the estate agent employed by DOE, conclude that there is no prospect of interesting a private contractor in developing the Broad Sanctuary scheme: there is simply not enough demand for Government conference facilities to make the scheme a commercial proposition, and that is why a Government scheme is needed (the Barbican Centre, at a capital cost of £140 M, and £5 M p.a. running costs, is a City of London Corporation development, and is similarly uncommercial).

Second, there is no possibility of incorporating an element of office development into the scheme to tempt private developers: there is simply not room on the site, given the constraints of planning permission.

(e) Mr. Heseltine points out that the Pearl Assurance offer runs out at the end of this week, and suggests that this is the last chance of obtaining such good terms from the private sector.

If you accept Mr. Heseltine's argument that other sites cannot be adapted, and that greater private sector involvement is impossible, there appear to be three options:

- (i) Agree that the Pearl Assurance offer is in line with the Cabinet decision taken in July of 1980, that its terms are the best available from the private sector, and that it should be accepted. This is Mr. Heseltine's and Lord Carrington's preference.
- (ii) Decline the Pearl Assurance offer, and re-open the question of the future of the Broad Sanctuary site: it could either be grassed over, or turned over to commercial development (although some members of the Cabinet opposed this last year).
- (iii) Decline the Pearl Assurance offer, and propose that the question of financing the Broad Sanctuary scheme from public funds should be reconsidered. This is probably unrealistic, given constraints on the PSBR.

Mr. Heseltine and Lord Carrington seek an early decision given the deadline on the Pearl Assurance offer.

WR

W. RICKETT

17 June 1981

M. O'D. B. Alexander, Esq.



WA
1966

With the Compliments
of the
Private Secretary
to the
Secretary of the Cabinet

Cabinet Office,
London, S.W.1.



Gaut Baully

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref. A05115

19th June, 1981

International Conference Centre

The Prime Minister has agreed, in the light of the recent exchanges of correspondence, that this subject should come back to Cabinet on Thursday, 2nd July. I suggest that this should be on the basis of a memorandum by your Secretary of State, setting out for consideration the options. I understand that the Prime Minister would like to include among the options the possibility of an arrangement whereby the conference centre would be built and managed by private enterprise, and hired by the Government for conferences of which it was to be the host. You will no doubt wish to consider with the Treasury whether the Chief Secretary's views should be incorporated in your Secretary of State's paper or the Chief Secretary should circulate his own paper. It may be that the Foreign and Commonwealth Secretary will also wish to circulate a memorandum.

I am sending copies of this letter to Michael Alexander, Brian Fall and Terry Mathews.

D. J. WRIGHT

(D. J. Wright)
Private Secretary

D. A. Edmonds, Esq.



Govt Dept

CONFIDENTIAL

1 Mr Alexander
2 Prime Minister *Am*



The Home Minister has already agreed that this should come back to Foreign and Commonwealth Office
Cabinet - probably on 2 July. The Doc is being prepared.

WR
19/6

London SW1A 2AH

18 June 1981

NB/M.

Dear Michael

WR
WR

International Conference Centre

Lord Carrington sent a minute to the Prime Minister on this subject earlier today. Since then, he has seen the Prime Minister's comment on the offer of finance from Pearl Assurance (Willie Rickett's letter of 18 June to Jeff Channing). Lord Carrington continues to believe that we need an international conference centre, and hopes that an early opportunity can be found for Ministers to discuss the matter collectively in the light of the decision taken in Cabinet last July. He thinks that it would be helpful if the Pearl Assurance offer could be kept open until then so that the full range of options can be discussed.

I am sending copies of this letter to David Edmonds (Dept of the Environment), Terry Mathews (Chief Secretary's Office) and David Wright (Cabinet Office).

Yours,
[Signature]

(B J P Fall)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL

19 JUN 1981





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10 DOWNING STREET

From the Private Secretary

18 June 1981

Man
CF to Hle: Flag 'B' is Restricted
Kay
18/6

International Conference Centre

The Prime Minister was grateful for your Secretary of State's minute of 16 June. She has also seen the Chief Secretary's minute of 17 June and understands that the Foreign and Commonwealth Secretary has confirmed that his position on this subject is as recorded in my letter to Jeff Jacobs of 15 June.

The Prime Minister has commented that she shares the views of the Chief Secretary that the Pearl Assurance offer of finance is unacceptable.

I am sending copies of this letter to Francis Richards (Foreign and Commonwealth Office), Terry Mathews (Chief Secretary's Office) and David Wright (Cabinet Office).

W. F. S. RICKETT

Jeff Channing, Esq.,
Department of the Environment

15



Wm 18/6

PM/81/34

PRIME MINISTER

International Conference Centre

1. Following our discussion on Monday, you will see from the letter which Michael Heseltine sent to you on 16 June that the Barbican Conference Centre cannot accommodate the type of inter-governmental meeting for which we need to provide. There is no possibility of adapting it to meet our requirements. The same is true of the concert halls on the South Bank, which also have fixed raked floors.

2. What we need are meeting rooms of the right size and configuration for conference work, with efficient simultaneous interpretation systems. In addition, there must be adequate provision for delegation offices, first-class communications, effective administrative support, the right security arrangements and facilities for the press. These are basic working necessities, not luxuries; and they can be provided in London only by a purpose-built International Conference Centre. Michael Heseltine's letter shows that there is no viable alternative, and our preparations for this year's EC Presidency provide regular reminders of the inadequacy of our present arrangements. We must have something better to offer by the time of our third Presidency, when the difficulties will have been compounded by enlargement.

3. Michael Heseltine has arranged a scheme of private funding in the light of our decision in Cabinet last July and I believe that we should now press ahead on that basis. I am copying this to Michael Heseltine, Leon Brittan and Robert Armstrong.

18 June 1981
Foreign and Commonwealth Office

(CARRINGTON)

10 JUN 1981



[Faint, illegible text]

Telephone

01-212 8001

DEPARTMENT OF THE
ENVIRONMENT
2 MARSHAM STREET
SW1P 3EB



Wm
17/6

Jeff Channing.

*With the Compliments of the
Private Secretary to the Secretary of
State for the Environment*

DRAFT LETTER TO PS/PRIME MINISTER

INTERNATIONAL CONFERENCE CENTRE

1. I am replying to the ^{three} ~~two~~ questions that you relayed to me in connection with Mr Heseltine's minute of 16 June to the Prime Minister about the proposed International Conference Centre.

2. The first question was whether it was correct to describe this as a private sector development. What is proposed is a government Conference Centre, designed by private consultants, to be built with private sector funds under the direction of a private sector management contractor. The terms of 10% interest on money advanced during construction, and 6.123% of the final cost as initial rent are well in line with current market rates and are considered ^{reasonable} by the Agents (Healey and Baker) appointed to advise on this development. The commercial risk carried by the financing institution is related to future rental trends for offices in the Victoria area, which are the analogue for five-year rent reviews on the Conference Centre. They are relying on rent increases to maintain the value of their investment, since at the end of the lease the building will revert to the Government who retain the freehold of the site.

3. There is no prospect of a private developer providing a building of the kind required and letting to the Government as and when needed for conference purposes because there is not sufficient demand for this particular type of conference facility. That is why no existing commercial conference facilities in London can cater for these requirements. London is now well provided with the type of conference facilities needed for commercial/sales

conferences- eg. the varied auditoria available at the Barbican, Wembley and some major hotels. A conference centre of the kind proposed for the Broad Sanctuary site would not be a commercial proposition because the rental income from commercial lettings would not sustain the investment; ^{if the scheme is carried out as proposed,} but there is likely to be scope for private lettings outside the periods when required for Government use.

4. The second question related to the commercial viability of the Barbican Centre. The Barbican development originated over fifteen years ago and is only now reaching completion. It is owned by the City of London and has been seen by the City Corporation as a contribution to the commercial and cultural life of London. No doubt it is hoped that it will prove profitable but the cost of the whole development is so great that this must remain highly speculative. The conference facilities are being run as a separate enterprise but the Centre also provides the London home for the Royal Shakespeare Company and the London Symphony Orchestra - as well as exhibition halls, a public library, art gallery and other facilities. The City Corporation view it as a stimulus to tourism and as promoting the City's international standing, rather than as a commercial venture in its own right.

Security

5. Finally, you asked about the possibility of building offices on the Broad Sanctuary site as a means of financing the Conference Centre. The answer to this is that there is no way of accommodating both the Conference facilities and a substantial office development on this site within the limitations of height and bulk required by the planning authority and by the site's relationship to the Abbey, Central Hall, Middlesex Guildhall and Parliament Square. We do have this concept in mind for providing new galleries

~~space~~ on the vacant space (the Hampton site) next to the National Gallery, where there is ample room for both; but unfortunately it will not work on the Broad Sanctuary site.

6. I hope this answers your questions. Most of these points (and others) were dealt with in a letter which Mr Heseltine sent ... to the Chief Secretary on 26 February: I enclose a copy. Please let me know if I can provide any further information.

7. I am copying this letter to (Foreign Office),
(Chief Secretary's office) and to ² Sir Robert Armstrong's Office.

10 DOWNING STREET

To W. Rickett.
From D. Wolfson.

June 17, 1981.

RE. International Conference Centre.

I have now read the file on this subject, and find a series of omissions and contradictions.

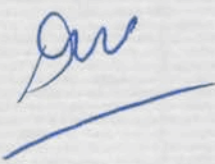
The FCO start off by making the European Presidency in 1986/7 a key issue. But Bernard Ingham thinks the Press Room, which could be built for much less, a key argument.

The FCO talk of using the facility for 122 days a year. Is this all Government? Because they later point out how difficult it is to let a Government facility to private users who aren't prepared to be cancelled at late date for reasons of State. Yet last minute use of its own facility is one of the benefits of the scheme for the Government. So...we won't really be able to let it, will we?

Lord Carrington suggests that by 1983 the economy will be on the turn and this won't seem like a piece of extravagance. Does he still feel this is so?

Look at the cost escalation so far. It started at £15 Million, so do we really think it won't end up at £100 Million? And despite the projection of 122 days usage a year on average, there is absolutely no information to support even 22 days usage a year! And I may have missed a figure for annual maintenance costs which have to be paid, including security, even when it is unused.

In sum. No case made out for the value we would get from a building whose Capital costs will be near £100 Million and whose maintenance costs do not, on a quick reading, appear to be estimated.

A handwritten signature in blue ink, appearing to be 'DW', with a horizontal line underneath it.



PRIME MINISTER

INTERNATIONAL CONFERENCE CENTRE

I have seen the Secretary of State for the Environment's minute to you of 16 June outlining his view on the possibility of using the Barbican Centre as an alternative to the ICC.

2. The views I expressed at the meeting (recorded in the letter from your private secretary of 15 June) were not dependent on the availability of an alternative site. I remain therefore of the view that the offer of finance from Pearl Assurance is unacceptable.

3. I am sending copies of this minute to the Foreign Secretary, the Secretary of State for the Environment and Sir Robert Armstrong.

L.B.

LEON BRITTAN
17 June 1981

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RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

*Seen
by PM +
WR*

17 June 1981

Dear Willie,

International Conference Centre

You asked me to let you know how many times a year the ICC would be used. I am afraid that is an impossible question to answer precisely as the incidence of such conferences will vary widely from year to year: at present time I understand that the London Conference Section of the PSA, who are responsible for providing conference facilities for all Government Departments and Parliament, handle 80-100 international conferences each year. HMG's existing commitments relate mainly to UK membership of international organisations, in particular the Commonwealth; the European Community; NATO; Council of Europe; UN: and a wide range of non-Governmental organisations. There is also a variety of Parliamentary meetings.

Commonwealth meetings in particular are an ever increasing commitment and the Commonwealth Secretariat themselves have already requested additional conference facilities in London for the meetings which they organise: at the present time it has been possible to resist this request with the promise of future access to the ICC.

It is difficult to specify the number of UN meetings which are likely to take place here. Although the UK has no obligation to host UN major meetings we have had to host a variety of meetings here in the past, on a variety of subjects such as the WHO European Regional Conference; the World Fertility Survey Conference (a non-Governmental grant-aided meeting) and conferences and seminars on a variety of environmental and social subjects.

As you know, a number of international organisations are based in London and as long as the proposal for a World Commodity Centre remains shelved the commodity organisations in particular are likely users of the ICC.

/In

RESTRICTED



In 1973, before planning for the ICC began, an Inter-Departmental Committee investigated the potential usage of the ICC and it was as a result of information received from Departments that the present design of the ICC was evolved. The specification for the ICC is that it should accommodate a Ministerial meeting of 400 participants. That designation covers most of the important meetings, such as CHGM, a European Council, an Economic Summit or a NATO Council. The facilities needed for these major meetings will be sufficient for meetings at official level of about 750 participants, so the Centre could be used for the type of non-Governmental meetings for which the PSA currently have to hire accommodation, eg the Ninth International Conference on Archives which took place in 1980.

I attach a list showing the most important commitments which are known to the FCO but this does not cover the wide range of meetings at official level or non-Governmental meetings for which HMG has an obligation to provide conference accommodation.

Yours ever,
Francis N. Richards

(F N Richards)
Private Secretary

William Rickett Esq
10 Downing St

EXISTING COMMITMENTS

ORGANISATION	STATUS	MEETING	FREQUENCY IN UK
7) <u>PARLIAMENTARY MEETINGS</u>			
Int. Parly Union	Grant Aided	Main Meeting	About 15/16 years
	' '	Main Meetings Ad hoc basis	Ad hoc
	' '	Parly Delegation	6 per year
CW Parly Association	Grant Aided	Annual Conference Regional Conference	12 years 6/7 years
British American Parly Group	?		
European Parliament Meetings	Repayment	Details not known	
Council of Europe and WEU Parly Meetings		Meetings of Committees and possibility of WEU Assembly ad hoc	Committees: Average of 3/4 per year
North Atlantic Assembly		Assembly and 5 Committees	About every 8/9 years

PRIME MINISTER

*Barbican not possible since
140m 5m per City of
London agreement not
amended previously.*

International Conference Centre

Mr. Heseltine has considered whether the Barbican Centre, or other sites, could be developed as an alternative to the Broad Sanctuary scheme. His minute below concludes:-

- (a) As it stands, the Barbican Centre cannot accommodate the type of Government Conference for which the Broad Sanctuary scheme is designed. *The General Manager of the Barbican Centre personally confirms this.*
- (b) The Barbican Centre could not be adapted physically to meet the Government's needs. *All the auditoria have sloping floors. The exhibition halls, which have flat floors, would be difficult to convert, and the Barbican management are not keen to hire them to the Government for this purpose.*
- (c) The Broad Sanctuary scheme will not take business from the Barbican Centre since they cater for different needs.
- (d) The designs of the Broad Sanctuary scheme *have been approved by the Fine Arts Commission and Westminster LBC, and have been widely published.* *Mr. Heseltine does not expect much environmental opposition to the development of what has long been a hole in the ground.*
- (e) The Broad Sanctuary scheme would sweep up all the Government conferences at present held in buildings hired for the purpose. There would also be some prospects of commercial lettings. The management of the Centre could be let to the private sector.

Now could
Mr. Heseltine also concludes that *other sites, such as the halls on the South Bank,* could not be adapted. He points out that he has only been able to obtain an extension of the Pearl Assurance

/ offer

offer to the end of this week, and suggests this is the last chance of obtaining such good terms from the private sector.

Lord Carrington has confirmed his requirement for the Centre. He feels that Cabinet agreed the Centre was necessary, and that the only question to be settled is the method of financing it.

On this, there is no reason to expect the Chief Secretary will change his position. Essentially he argues that financing the Broad Sanctuary scheme on the basis of the Pearl Assurance offer will be two to three times more expensive than financing it by Government borrowing. The Chief Secretary feels that the scheme will be seen as a Government project, that the Government will be criticised on financial grounds, and that the deal is therefore unsatisfactory. Both Mr. Heseltine and Lord Carrington acknowledge that private finance will be more expensive, but they point out that Ministers have already decided that public funds cannot be made available.

There appear to be ^{four} three options:-

(i) Agree that the Pearl Assurance offer is in line with the Cabinet decision taken in July of 1980, that its terms are the best available from the private sector, and that it should be accepted. *This is Mr Heseltine and Lord Carrington's preference.*

ii) - and explore further the possibility of the private sector developing the ICG commercially. This is the CS preference, but will conclude that it is unrealistic.

(ii) Decline the Pearl Assurance offer, and re-open the question of the future of the Broad Sanctuary site: it could either be grassed over, or turned over to commercial development (although some members of the Cabinet opposed this last year).

(iii) Decline the Pearl Assurance offer, and propose that the question of financing the Broad Sanctuary scheme from public funds should be reconsidered. This is probably unrealistic, given constraints on public expenditure. *the PSBR*

Mr. Heseltine and Lord Carrington seek an early decision because of the deadline on the Pearl Assurance offer.

16 June, 1981.

NFSR.



See
by post
WR

16 June 1981

Prime Minister

INTERNATIONAL CONFERENCE CENTRE

At your meeting yesterday the suggestion was made that the new Barbican Centre could meet the requirement for international government conferences.

I am now advised that this possibility has been considered in the past, along with all other major conference facilities in London. It had been found that none of them meet those requirements for which the Broad Sanctuary scheme is designed. These and other alternatives were examined last year before the Cabinet decided in July that a purpose built conference centre was needed.

The General Manager of the Barbican Centre has been consulted. He has personally confirmed that the Centre cannot accommodate the type of governmental conference for which the Broad Sanctuary scheme is designed, although it has extensive facilities for other types of conference requiring auditoria of varying size and its general amenities are outstanding. He naturally hopes that the Government will in future have a need for conference accommodation of the type that the Centre can provide.

It is for Peter Carrington to confirm the requirement: I can only advise on the suitability of the facilities available. Essentially, the Barbican Centre provides a magnificent auditorium and 3 smaller auditoria intended for use as cinemas. Its other conference facilities include a number of seminar rooms seating up to 80, classroom style. What is needed for governmental conferences, as I understand it, are large rooms where the principal representatives can be seated round-the-table, with room behind for other delegates, advisers, translators etc. These have to be backed up by private rooms for delegates, secretariat, the international press etc. The Barbican Centre is not in any way designed for this purpose. It is designed for commercial/sales conference where presentations are made on stage or on film to a large audience. It is a superb building of its kind but it does not provide the type of facilities needed for international governmental conferences. There would also be serious security problems at the Barbican as the conference facilities are in a multi-purpose structure housing a concert hall, theatre, public library, art gallery and the City University. I attach a note (Annex A) setting out the main features of the Barbican conference facilities and of the proposed International Conference Centre. They are 2 different buildings for 2 different purposes.

If Peter Carrington confirms that the kind of conference that he is concerned with cannot be accommodated in a theatre-type auditorium, then the Barbican Centre is not the answer. Nor are the concert halls of the South Bank, since these also are auditoria not conference rooms. I attach a note (Annex B) dealing with other points that have been raised.

I have obtained an extension of the financing offer by Pearl Assurance until the end of this week. If we do not accept this offer, I think that the prospect of obtaining private finance for this project,

at least on equally acceptable terms, will disappear.

I am copying this letter to the Foreign Secretary, the Chief Secretary and Sir Robert Armstrong.

MH

MH

conduct

THE TWO BUILDINGS COMPARED

1. Essentially the Barbican Centre has been designed for commercial and sales conferences, exhibitions etc. The Centre also includes a theatre, public library, art gallery and the City University, and is linked to the Guildhall School of Music and Drama. The main features of the conference facilities are -

- a) main auditorium with 2,000 seats (raked)
- b) three cinemas with 280, 255, 150 seats (raked)
- c) 5 seminar rooms for up to 80 "classroom" style (ie in rows, not round a table)
- d) 2 exhibition halls of 45,000 and 41,000 sq ft
- e) 5 restaurants

2. None of these facilities provide the kind of spaces required for international conferences. The main features of the Broad Sanctuary scheme include -

- a) main auditorium seating 700 for plenary sessions, large press conferences
- b) 3 main conference rooms for round table conferences seating 440, 240 and 60
- c) top level security conference room seating 200
- d) 44 delegate offices and 20-30 secretariat offices.
- e) 9 language ~~interpretation~~ facilities
- f) restaurant
- g) press facilities

3. At the Barbican there are no rooms suitable for large "round-the-table" conferences. Translation facilities are for six languages (possibly more could be added) in the main hall

and cinemas. There are also problems of security (in view of the mixed uses on site and free public access) and availability (bookings are being taken to 1986) which are avoided with the Broad Sanctuary scheme.

4. In short, the Barbican Centre offers very high quality facilities for commercial conferences, exhibitions etc but that is a quite different type of building from what is needed for international governmental conferences. The typical commercial/sales conference consists of a presentation on stage to a large audience. What is needed for governmental conferences are rooms specifically designed for "round-the-table" meetings of varying size, with comprehensive translation facilities, delegate and secretariat offices, press and broadcasting facilities, complete security and ready availability. This is what the Broad Sanctuary scheme provides.

BARBICAN AND ICC: POTENTIAL USES

Q1. Will the International Conference Centre (ICC) take business from the Barbican?

A1. The two buildings cater for different types of use. The Barbican is designed for large commercial conferences (up to 2,000 participants) and much smaller conferences requiring seminar rooms and small cinema-type auditoria, together with large exhibition halls. The ICC is designed primarily for governmental round-the-table meetings on the scale required for international conferences. The only element where the two buildings have similar facilities is the auditoria: but the Barbican's auditoria cater for audiences of 2,000, 280, 255 and 150, whereas the ICC has one auditorium for 700. The ICC therefore is not in competition with the Barbican.

Q2. What are the comparative costs and commercial prospects of the Barbican and ICC?

A2. The Barbican is a multi-purpose development including concert hall, theatre, public library, art gallery, exhibition halls. The total (historic) cost to date is said to be about £140 million. It is impossible to compare this with the single purpose ICC costing about a third of this (including future increases in building costs). The Barbican is intended to be run as a commercial venture; the ICC is intended mainly for governmental use. The Barbican is due to open in the autumn and is taking bookings as far ahead as 1986; but parts are still under construction and it is

too early to assess its commercial attraction or financial prospects. The ICC has potential for private lettings (mainly the auditorium) and it is intended that it should be available for that purpose. The income will depend on the frequency of government use.

Q3. Could the Barbican be adapted to provide the kind of facilities included in the Broad Sanctuary scheme?

A3. None of the completed facilities at the Barbican could be adapted in this way. All the auditoria are raked and this is part of the structure. There are two empty floors in an office block which are intended for offices and small seminar rooms. They are not adaptable to large scale conference rooms. The two exhibition halls are very large (45,000 and 43,000 sq ft) and removed from the main facilities of the centre. They would not convert to conference use because of the structural grid columns. They are also a potential money spinner for the Barbican, let at £88,000 a week and associated with the letting of other facilities at the Centre. We would need to hire them for up to two years (if it were possible to build conference rooms inside them) and the Barbican management would not want to see them taken off the market for that time.

Q4. What use will be made of the ICC: will it be needed only for very occasional major conferences such as the EC Presidency?

A4. The main requirement, which cannot be met elsewhere, is for major international round-the-table conferences. Having provided such a facility, however, most other government

conferences and meetings could be transferred to the ICC from the variety of leased premises and casual hirings that are used at present. At other times it would be available for private lettings. Most of the lesser functions could continue to be accommodated as they are now: it is the major international meetings that are the prime need, but it would be extensively used for other purposes, both government and private sector.

Q5. Will the ICC necessitate an increase in Civil Service staff numbers?

A5. The intention will be for the running of the centre to be handled by a management contractor who would be able to sub-contract the catering, custody and other services, and who would be responsible for arranging private lettings. Secretariat services for government conferences would be provided by FCO as at present.

Q6. Will there be environmentalist opposition to the use of the Broad Sanctuary site?

A6. The design for the ICC has been approved by the Royal Fine Art Commission and Westminster LBC, who have welcomed the proposal to develop this site which has been derelict since the war. The designs have been widely published and the model has been on public exhibition, and has not attracted adverse criticism of the national or professional press.

Q7. Are the terms offered by Pearl Assurance open to criticism?

A7. The Agents (Healey and Baker) appointed to advise the Secretary of State for the Environment consider that the terms offered are reasonable and better than those offered by other institutions interested in the project. The initial rate of return sought is slightly above the market rate for normal office developments, and that is because of the size of the investment required and the fact that this building will not offer opportunities for refurbishing and reletting, and ^{that} for those reasons ^{it} is not as readily marketable an asset as office developments. The interest charged during construction (10%) is very competitive and the initial rental return starting in 1986 (6.123%) is considered reasonable by the Agents. Future rent reviews (the first due in 1991) will be related to movements in office rents in the Victoria area; and this is the risk taken by the investors. Some commentators take the view that Victoria rents have reached a very high level and show less scope for further real growth - and this view is reflected in the fact that some of the institutions approached for financing the ICC had decided not to add to their holdings in the Victoria area. In the long run leasing can be shown to cost more than Crown-building, but the terms offered cannot be said to be excessive or out of line with market conditions.

1981 NOV 16





10 DOWNING STREET

June 15, 1981

Prime Minister.

THE BARBICAN CONFERENCE CENTRE.

No doubt this is not "Ideal", but it looks a very fair second-best.

Michael Alexander's note really hits the issue- "Oughtn't the British Government to dispose of a Conference Centre".

My answer would be no, not if the British Taxpayer has to pay for it. We survived the years of great Empire without one, we can do without one now.

You may note Ivan Fallon's article yesterday, "Things always cost more". The proposed Govt. conference centre would probably prove an expensive white elephant just around the next election! So much for cutting waste in Government?.

Dw.

David Wolfson.



M. A.

For DW.

10 DOWNING STREET

Barbican Conference Centre.

3,450 SEATS IN ALL

MAIN HALL 2,000 SEATS.

6 LANGUAGE SIMULTANEOUS TRANSLATION

RESTAURANTS.

SMALL CONFERENCE/SEMINAR ROOMS

Mr Wolfson.

I fear that I find this Chaplin's letter rather convincing: there will be a frequent need for a large number of offices & I do not think temporary structures are likely to prove very satisfactory; there is a security problem; & there would be a boozing problem.

Of course there is an element of "Won't it be nice to have our own Conference Centre" in all this. But oughtn't the British Gov't to dispose of a conference centre? And isn't it envisaged that a good deal of the finance will be raised privately anyway?

And