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MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

INTERNATIONAL CONFERENCE CENTRE

Memorandum by the Secretaries of State for the Environment and for Foreign and Commonwealth Affairs

1. We seek agreement in principle from colleagues to the building of an International Conference Centre on the Government-owned site at Broad Sanctuary, Parliament Square. The scheme is described in more detail in the Annex.
2. The lack of a purpose-built Government Conference Centre in London has become a serious handicap. Major international conferences, eg Commonwealth Heads of Government meetings, European Community (EC) Ministerial meetings and large scale meetings of the United Nations and its Agencies, now require facilities on a scale and of a kind which physically cannot be provided in Lancaster House. Commercial conference centres have been examined; none provides the facilities or the security essential for Government conferences.
3. The previous administration announced in June 1978 that the Conference Centre would go ahead at a cost then estimated at £15.25m (including furniture and equipment); on a comparable basis the cost of the scheme is now £29.5m, the increase reflecting inflation of building costs and essential revisions to the design.
4. Work on the substructure of the building (which incorporates the extension of the Parliamentary telephone exchange) must be carried forward this year, for completion by 1982, if the Conference Centre is to be ready by the time of the third UK Presidency of the European Community in 1986/87. To keep to this programme it is necessary to invite tenders for the substructure in June, and commit funds of about £1m this year; any further delay will increase the risk that the building will not be ready in time for 1986/87.
5. There are no grounds for thinking that private funding could be attracted for such a specialised building, where future rental values would be very uncertain and which would therefore be very unattractive as a property investment. The only alternatives

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to the new Conference Centre are to opt out of major international conferences; or to settle for a temporary building (or major adaptation to an existing building) either of which would be an expensive, unsatisfactory and possibly impracticable solution.

6. The project falls to be funded from the Property Services Agency (PSA) Office and General Accommodation (OGA) provision, plus a planned contribution of £1.26m towards the telephone exchange from the Parliamentary Accommodation vote. The Parliamentary vote can provide its part of the cost for 1980/81 (£200,000) but the balance due from that vote in subsequent years (largely 1981/82 and 1982/83) is not included in current Public Expenditure provision. The Secretary of State for the Environment is prepared to meet the OGA element of the cost from PSA's PESC. He has confirmed that the provision required in 1980/81 (£800,000) can be met without prejudice to other major new works requirements which Departmental Ministers regard as essential - after allowing for the transfer of funds from some Departments, and deferment of less essential schemes and some reprogramming by PSA. For future years, the overall OGA programme remains to be determined, but the Secretary of State for the Environment's current best judgment is that, if the Conference Centre goes ahead, it should prove possible to cover expenditure on the project, along with other essential requirements, within the major New Works provision, subject possibly to some re-arrangement of the programme (This could not of course extend to extra commitments).

CONCLUSION

7. The need for adequate international conference facilities in London can be adequately met only by a purpose-built Conference Centre, for which the ideal Crown-owned site already exists in Broad Sanctuary. The cost can be met from existing provision in PSA PESC, (plus provision for the Parliamentary telephone exchange on the Parliamentary vote in 1981/82). We therefore invite colleagues to agree to the project going forward without delay so that it can be ready for the third UK Presidency of the EC.

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ANNEX

INTERNATIONAL CONFERENCE CENTRE: THE PROPOSALS

1. The proposed building has been designed by Powell, Moya and Partners. It will be set back on the Broad Sanctuary site and will create a new landscaped area bounded by the Middlesex Guildhall, Westminster Abbey, Central Hall and the Conference Centre itself. The Centre will stand about the same height as the body of the Central Hall. It will contain a theatre-type auditorium for 400 - 700, which will be used for meetings and major Press briefings. There will be five other conference rooms of varying size all with interpretation and ancillary facilities (one being specially designed for highly classified meetings). The buildings will contain a fully equipped Press centre which will be available throughout the year for use by Ministers and Parliament.

2. Outline planning permission has been granted by Westminster City Council; the design has been approved by the Royal Fine Art Commission.

THE TELEPHONE EXCHANGE

3. Incorporated into the substructure of the building would be an extension to the existing telephone exchange on Broad Sanctuary which serves the Palace of Westminster. The extension is necessary to meet the expected substantial increase in Parliamentary requirements for telephone lines over the remainder of the century. The extension must be large enough to provide for all the additional lines required in the foreseeable future.

COSTS

4. The £15.25m cost announced in June 1978 covered construction costs, furnishing and equipment. On a comparable basis (ie construction, furnishing and equipment) the cost would be

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£29.5m (in September 1979 prices). The increase is attributable to:

- a. inflation - building costs increased 47% between March 1978, the price date of the £15.25m estimate, and September 1979 the price date for the present estimate;
- b. an increase in area of 37% to allow for greater circulation space and to accommodate mechanical and electrical services and administration. The inadequacy of the original allowance was brought to light when planning advanced into greater detail.

To the £29.5m cost of the Conference Centre itself (funded from the Office and General Accommodation Vote) must be added the cost of the extension of the Parliamentary telephone exchange (£1.26m) and standby power provision (£0.6m) for the International Conference Centre and the telephone exchange. Funds for the exchange and its share of the standby power are provided in the Parliamentary Accommodation Vote for 1980/81 but the balance would be required in subsequent years. The total cost of the project (excluding professional fees) is thus £31.4m at September 1979 prices.

5. Work is about to finish on the diaphragm wall at a cost of £1.2m. Tenders are ready to be invited for the substructure (£3.2m) which would enable work to start within six months from the date of their issue. Construction of the main superstructure of the Conference Centre would begin in 1982 at an estimated cost of £23.7m.

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6. If approval to proceed were given by June, the planned completion date for the Centre would be early 1986. Any completion date must be treated with great reserve because of the uncertainty besetting any major construction project on a central site for an important client; but to delay the start will put at risk the prospects of the Centre being ready in time for the third UK Presidency of the EC.

THE REQUIREMENT

7. A brief was drawn up after several years of detailed studies of the future requirements for international conferences. It has been revised to eliminate any inessential requirements. We are satisfied that no substantial cost reduction can be achieved on the basis of the present brief.

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THE INADEQUACY OF LANCASTER HOUSE

8. Lancaster House is the only building available to the Government for major international conferences (including the European Council and other European Community meetings, NATO Council, Commonwealth Heads of Government meetings or Economic Summits). Lancaster House was built for entertaining; it was given to the Government, and is still needed, for that purpose. The building is difficult and expensive to adapt for smaller conferences and its ancillary services fall below overseas standards. For larger conferences it is physically impossible to enlarge the meeting rooms or increase essential ancillary facilities (such as interpretation booths) to the point now required by the enlarged membership of the various organisations. Increasingly elaborate and extensive security arrangements are now required at all international meetings. It is not practicable to consider expanding or rebuilding Lancaster House to overcome these deficiencies and any attempts at adaptation would further impair the quality and fabric of this important building.

9. Press facilities in the old Bath Club are also cramped; there is only one small briefing room and the facilities are inadequate for the large number of journalists who nowadays attend major international conferences.

ADDITIONAL BENEFITS

10. The establishment of a Government conference centre in London would attract a substantial inflow of foreign currency. It has been estimated that an overseas conference delegate spends on average £88 per day (four times the amount spent by an ordinary tourist) so a major conference of say 600 participants staying 10 days might produce an inflow of currency in excess of £0.5m.

11. Broad Sanctuary is a prime location in Government ownership. For over 30 years it has remained a conspicuous eyesore. This project provides an opportunity to make appropriate use of the site for a building of national significance.

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PRIVATE FINANCE

12. Security considerations, and the need to have conference accommodation available at very short notice, make it unrealistic to consider commercial control of the Centre. The prospects of attracting private finance for the construction of a Government managed Centre have been considered. Experience however in the case of the headquarters building for the Inter-Governmental Maritime Consultative Organisation (IMCO) now being built suggests that it is unlikely that private funds could be attracted without some guarantee of a return on capital that also provided for future increases in property values and rentals. It would be very difficult to devise such a formula that would be acceptable to both the developer and the Government as lessee.

ALTERNATIVE ARRANGEMENTS

13. If the Conference Centre is not available for use during the third UK Presidency of the EC in 1986/87, we would be unable to meet our commitments unless we could make adequate ad hoc arrangements in London. The choice would lie between:-

- a. Adapting an existing building (eg a Government building or an hotel) for temporary use;
- b. Putting up a temporary building.

Either of these would undoubtedly be less satisfactory than a purpose-designed permanent structure, and would entail significant expenditure within the next five years if the facilities were to be ready for the 1986/87 Presidency. We have not been able to identify any practical solution. Commercial conference centres, such as Wembley, are unsuitable; experience shows that first class hotels are not prepared to make their accommodation available for adaptation or for the period of use required.

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