

PREM 19/2908

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CONFIDENTIAL FILING

The Future of the British Library
Prime Ministers Meetings with
Lord Trend and Sir Frederick
Dauton and Minister for the
Arts (Mr. Hare).

ARTS AND
AMENITIES

AUGUST 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
31.1.86							
28.8.86							
26.9.86							
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27.3.87							
30.3.87							
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PREM 19/2908



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OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 071-270 5929

From the Minister for the Arts

C90/2520

Ms Caroline Slocock
Private Secretary
10 Downing Street
London SW1

11 May 1990

Dear Caroline

BRITISH LIBRARY: COMPLETION PHASE

Subject to the agreement of final details with the Treasury, my Minister plans to announce the Completion Phase of the British Library's new building at St Pancras on Monday 4 June. The announcement will be made by way of a press conference at 11.30 am at the site. Mr Luce will then devote part of his speech that evening at the Royal Academy Annual Dinner to publicising the Library project.

At Mr Luce's recent meeting with the Prime Minister, the Library project was discussed (Andrew Turnbull's letter to me of 1 May refers), and I understand that the Prime Minister may visit the site in early August. Either at that stage, or in advance of the announcement of the Completion Phase, would the Prime Minister find it helpful to have a fuller briefing on the project? Although the design of the building has been criticised, the announcement of the Completion Phase marks the final step in the largest cultural project undertaken in the UK this century. Mr Luce and the Prime Minister discussed the possibility of the Arts taking a higher profile in the Prime Minister's public statements. This might provide an opportunity.

attached in ind file

Yours ever
Martin

MARTIN LE JEUNE
Private Secretary

ARTS U.S.: Future of British Library
August 79

BRITISH LIBRARY
100 Brook Green
London W6 7BP
Telephone 0181 732 3000



Form for reference use only



COMMUNICATIONS

89



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 March 1987

Dear Michael

BRITISH LIBRARY, ST PANCRAS

The Prime Minister has seen your Minister's minute of 26 March. She has noted and welcomed the improvements which have been made to the management of this project, and the further changes it is proposed to make for the future.

I am copying this letter to Mike Eland (Lord President's Office), Jill Rutter (Chief Secretary's Office), Nigel Ledgerwood (Department of the Environment), Trevor Woolley (Cabinet Office) and to Kate Jenkins (Efficiency Unit).

Z
Mark Addison

(Mark Addison)

Michael Stark, Esq.,
Office of the Minister for the Arts.

✓



Treasury Chambers, Parliament Street, SW1P 3AG

David Norgrove Esq
Private Secretary
10 Downing Street
London
SW1

NBN.

17 March 1987

Dear David,

with DRN.

BRITISH LIBRARY, ST PANCRAS

The Chief Secretary has seen Mr Luce's minute to the Prime Minister of 26 March.

In one respect this does not accord with the Chief Secretary's agreement with Mr Luce. Mr Luce says that he has agreed with the Chief Secretary that officials should explore "what arrangements need to be made for end-year flexibility in the funding of the project of this size for the Arts budget." The Chief Secretary does not necessarily accept that any special arrangements need to be made.

I am copying this letter to Joan MacNaughton, Nigel Ledgerwood (Christopher Chope's office), Trevor Woolley and to Kate Jenkins (Efficiency Unit).

Yours,

Jin

JILL RUTTER
Private Secretary



MINISTER FOR THE ARTS

Prime Minister

I suggest you welcome these changes.

C87/1472

PRIME MINISTER

Yes - but I wonder how much difference they will make
26 March 1987
DLW
27/3.

BRITISH LIBRARY, ST PANCRAS

I undertook to report to you again when we had reviewed the management of this project.

John MacGregor, Christopher Chope and I have now done so and taken the necessary decisions in the light of helpful suggestions from Robin Ibbs.

We identified and took action on 4 immediate problems:

(a) An inadequate system for identifying movements in relevant prices and assessing their probable impact on future costs. This was a major factor in the serious under-estimate of future costs in 1985. It has been remedied by the adoption of the project index described in the enclosure to Mr Stark's letter to Mr Norgrove of 31 October last.

(b) Not all the management information held by PSA was made available to OAL in a form enabling OAL properly to monitor progress. Monthly financial returns and full quarterly progress reports have now been introduced for this purpose. Further improvements will be made, making full use of up-to-date technology and private sector expertise.

(c) We need a system of cost control which does not simply give early warning and accurate measurement of rises in cost, but also helps and encourages the responsible managers to decide on a cost-effective programme of what is to be done at what cost and by whom - and then stick to it. That means, among other things, cost targets in cash terms, even for years beyond the current PES period. We have commissioned further work to identify the best method of introducing them.

(d) Within the present management structure for the project, we have found a considerable lack of clarity and made some interim adjustments. The OAL is responsible for securing overall value for money in accordance with Robin Ibbs's concept of ownership. As between Departments, therefore, the Head of OAL (Mr Wilding) will henceforth chair the Steering Committee for the project. Within the PSA, Christopher Chope has decided to commission consultants to carry out a project audit which will provide an independent view of the PSA's professional management of the project, including the responsibilities of the design consultants and the management contractor.

Not good

We also see however a further, more deep-seated problem. Even with the above changes, the structure will still be too complex and the relationships insufficiently clear. A more radical revision is needed in order to simplify lines of reporting and command and to bring the project into line with the principles which Robin Ibbs proposed to you in 1985.

So we have also decided that

(i) the Vote and Accounting Officer responsibility for the project should be transferred from the PSA to the OAL in line with the recent Treasury report on major capital projects;

(ii) the provisional date for this change should be 1 April 1988, and plans should now be drawn up on this basis;

(iii) these plans should include a streamlining of the management structure for the project; for example, much of the work now done on the Secretariat side of the PSA, notably financial approval, should become the direct responsibility of the OAL;

(iv) the OAL should as soon as possible recruit a project director, probably from the private sector. He will work directly to the Head of the Office first on drawing up the plans for change and then on over-seeing the progress of all aspects of the project under the new regime. We attach particular importance to this new post, which is warmly supported by Robin Ibbs.

The Treasury say "where"

Finally, I have raised with the Chief Secretary the question of what arrangements need to be made for end-year flexibility in the funding of a project of this size from the Arts budget, and we have agreed that this should be examined.

We are confident that the changes outlined above should produce the necessary improvements. As the Minister ultimately accountable for the project I shall take a close personal interest in their implementation.

Copies of this minute go to the Lord President, the Chief Secretary, the Parliamentary Under-Secretary of State for the Environment, Sir Robert Armstrong and Sir Robin Ibbs.



RICHARD LUCE



bc BG

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 January 1987

THE BRITISH LIBRARY AT ST. PANCRAS

The Prime Minister was grateful for the Lord President's minute of 16 January which reported the outcome of his discussions with the Minister for the Arts, the Chief Secretary and the Parliamentary Under-Secretary of State for the Environment and Local Government about funding of the British Library. She has noted that the Lord President's meeting decided to proceed with the existing plan for the British Library and that the Lord President will be discussing with the Minister for the Arts and the Chief Secretary the position of the Arts programme generally.

I am copying this letter to Jill Rutter (Chief Secretary's Office), Michael Stark (Office of the Minister for the Arts) and Nigel Ledgerwood (Mr. Chope's office, Department of the Environment).

(David Norgrove)

Miss Joan MacNaughton,
Lord President's Office.

DTS.



CONFIDENTIAL

Prime Minister

cc BG

Agree to write the
Lord President's conclusions?
Agree also to send him on
a personal basis a copy of
your correspondence with
R Edwards? DKN

PRIME MINISTER

THE BRITISH LIBRARY PROJECT AT ST PANCRAS

You are familiar with the background to this project. I have now discussed with John MacGregor, Richard Luce and Christopher Chope how we should best proceed, following the review of options for reducing or rephasing expenditure in the light of the substantial increase in the estimated cost. This minute reports our conclusions. 16/1

2. We are agreed that it would make no sense either to cancel the project or to redesign the first stage on a smaller scale. The case for bringing together the various collections in a single, purpose-designed building remains as it was in 1980 when we commissioned the first stage. If we now cancelled the project we should have wasted £50 million, and little or no money would be saved by reducing the specification at this stage.

3. The other way of reducing expenditure is to slow down the rate of construction. If completion of Stage 1AA were delayed by 39 months and Stage 1AB by 12 months, annual expenditure could be brought within the existing PES provision for the next three years. But there are significant disadvantages in adopting this course: the estimated ultimate cost would be some £9 million higher in current prices, although much less on an NPV basis; the management of the project would become much more difficult; and there are significantly greater risks of future cost overruns. It is clear that having reached the present stage, the best value for money is to be obtained if we go ahead with something close to the current plan. We therefore concluded that it would be wrong to impose a delay.

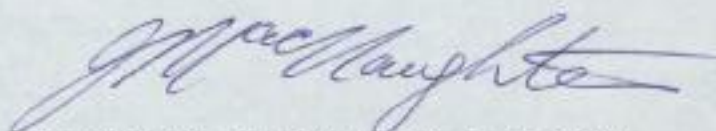
4. In the course of the review, the PSA have come forward with a revision of their existing plan which makes more sense in terms of physical construction. It represents better value for money than the existing plan, and it would ultimately cost no more. It would, however, bring forward some expenditure into the Survey period and, while we were agreed that it would be wrong to delay the project, we were equally agreed that it would be wrong to increase expenditure now over and above what is required for the existing plan: given the very steep cost escalations that have occurred already, to do so would convey precisely the wrong signals to the contractors and managers of the project and set a very bad precedent for other PSA projects.

5. We therefore agreed that the right course should be to proceed with the existing plan. This will itself exceed the provision for the Library available with in the Arts budget, and John has reluctantly accepted that it is not practical for Richard to find the resources from the balance of his budget. The amounts involved are £4.1 million in 1987-88, £6.2 million in 1988-89, and £9.2 million in 1989-90. He has therefore agreed exceptionally that these additional amounts should be added to the programme.

6. For the future, we are extremely concerned that there should be a very strict and effective management control over the project. We have therefore instructed officials to bring forward by the end of February precise proposals for strengthening and improving the management, control and monitoring arrangements.

7. If you agree to this course of action, I shall discuss with John and Richard how these decisions might be presented so as to minimise any risk to our position on public expenditure. I shall also be discussing with them separately the position of the Arts programme generally.

8. I am sending copies of this to John MacGregor, Richard Luce, and Christopher Chope.



(Approved by the Lord President
and signed in his absence)

16 January 1987

CONFIDENTIAL



file
bc. Prof. Griffiths
289

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 January 1987

Dear John,

BRITISH LIBRARY

The Prime Minister has seen your letter to me of 5 January which responded to questions raised by the Prime Minister about the British Library. The Prime Minister has noted the explanations which you gave. She understands that the Lord President will shortly hold a meeting to discuss options for the future of the British Library.

I am copying this letter to Jill Rutter (Chief Secretary's Office, H.M. Treasury) and Nigel Ledgerwood (Mr. Chope's Office, Department of the Environment).

Yours sincerely,
David Norgrove.

David Norgrove

John Fuller, Esq.,
Office of Arts and Libraries.

CONFIDENTIAL

BM.

Personal

Mr. [unclear], NBSA.

You may like to see this.

CONFIDENTIAL

P 02433

[Signature]
9/1/87

LORD PRESIDENT

The British Library

[4.30 pm Tuesday 13 January]

DECISIONS

1. The primary purpose of the meeting is to consider options for funding the construction of the British Library (BL). I fear that Mr Luce has (unhelpfully) complicated the issue by linking to it a new bid for more funds for the Arts Programme in 1988-89 and 1989-90.

BACKGROUND

2. As you know, this problem is a hang over from the Star Chamber which agreed that decisions on the BL cost overrun should be deferred pending further study of possible options to reduce or rephrase the costs of the project. The necessary work has now been done, and an early decision must be made on the future of the project.

The British Library Project

3. The BL reference collections are at present stored in some 20 London locations, and are decaying rapidly for lack of an air-conditioned environment. Moreover, the need to transport books backwards and forwards to users in reading rooms both increases the damage to the stock and inflicts long delays on readers. As the collections grow, and age further, these problems are getting worse. The need to concentrate most of the stock, the readers, and the administrative staff at one single suitable site has long been recognised. In 1975 the St Pancras site was chosen, and the first stage of the project was commissioned in 1980.

4. The project falls into a number of stages. Stage 1A will provide 317 seats for readers of western printed books and about 180 miles of basement shelving. On present plans it should be ready about 1994. But it will still not be a complete answer because it will not house all the readers or staff. Stages 1B and 1C will provide further seats and better access to the stock. There is no formal commitment to these latter two stages at present, but the BL believe them essential if full benefit is to be obtained from stage 1A. Depending on resources, they might be constructed during the 1990s. Thereafter there are provisional plans for stages 2 and 3, but these are for the 21st century.

5. Stage 1A was itself divided into two parts in 1980 for financial reasons: staging Government commitments gave better control over expenditure liabilities. Stage 1AA was commissioned in November 1980 and stage 1AB in November 1985. But it now appears this split was not optimum in terms of the physical construction process, and PSA are now proposing a Revised Plan.

Cost Overruns

6. The project is so far on course as regards the construction timetable. But the estimated cost has risen substantially. When the decision to commission stage 1AB was taken it was estimated that the cost of 1AA and 1AB together would be £157 million. But by summer 1986 this has been revised to £207 million. Apparently the earlier estimate substantially under-estimated the effect of inflation on this particular project, the effects of which only emerged clearly as successive contracts for particular packages of work came to be let. This overrun caused the future of the project to be reviewed last summer.

Options for the St Pancras Project

7. As noted in paragraph 5 above, PSA have produced a Revised Plan, which would bring expenditure forward in order to secure a more efficient construction and fitting out of the basements. This is described in Annex B to Mr Luce's letter. The following table shows the difference in cost between this and the existing

plan and provision:

	£M		
	1987-88	1988-89	1989-90
Existing Provision	20.7	25.8	26.5
Estimate cost of Existing Plan	24.8	32.0	35.7
PSA Revised Plan	25.2	35.2	39.3

So although the Revised Plan only exceeds the estimated cost of the existing plan by £0.4, £3.2 and £3.6 million respectively, it exceeds existing provision by £4.5, £9.4 and £12.8 million.

8. In addition, PSA have produced four options for reducing or deferring expenditure. These are described in Annex C to Mr Luce's letter, and their financial consequences shown in Annex A. They may be summarised as follows:-

Option 1 - reduces the size of Stage 1AB;

Option 2 - delays the fitting out of Stages 1AA and 1AB to constrain expenditure to the PES baseline;

Option 3 - constrains expenditure to the PES baseline for the Survey period and in subsequent years keeps it as close as possible to the baseline for 1989-90 in real terms;

Option 4 - constrains expenditure significantly below the current PES level.

Mr Luce's Position

9. Mr Luce's position appears in summary to be first that £10 million should be transferred from the St Pancras project to the rest of the Arts programme in each of 1988/89 and 1989/90; and second that the PSA's Revised Plan should be accepted. Taking these two together, this amounts to a bid for

+ 4.5 +19.4 +22.8

He has however indicated that he could reluctantly accept a delay in the library (Option 3), so that his fallback position is:

- 0.9 + 8.8 + 8.6

10. The Treasury will naturally resist any case for reopening now the main Arts programme, and officials will probably advise the Chief Secretary to go at most for BL Option 3, which would constrain St Pancras expenditure to the PES baseline for the survey period. But I understand the Chief Secretary has not yet expressed a personal view, and he will clearly need to take value for money and political considerations into account.

DISCUSSION OF OPTIONS

11. You will need to decide first whether to tackle the problem on the terms set by Mr Luce - ie as an issue of Arts Programme as well as BL funding. Mr Luce's case (reinforced by the hostile reaction to the autumn statement which only showed the total of the Arts and Libraries programme for 1988-89 and 1989-90) is that he cannot possibly live with the present Arts Programme allocation for the two later years. Without an increase, a number of dire consequences would almost certainly follow - eg further reductions in the opening hours and facilities of museums and galleries, or even bankruptcy and closure of some of the major performing companies. He therefore proposes to switch £10 million from St Pancras to the rest of the Arts Programme in each of 1988-89 and 1989-90, and to bid up even further for the St Pancras project as indicated in paragraph 9 above.

12. There are undoubtedly serious problems on the Arts Programme and I have a good deal of sympathy with Mr Luce's case on merits. But I do not think it would be right to reopen this now. The fact is that he accepted a settlement in the Star Chamber (which was more generous than your colleagues initially wanted) and he should, at any rate for the present, stick by this. Nor is the "switch" he proposes a genuine or viable one; it would leave the St Pancras project ludicrously underfunded and is in practice a thinly disguised dodge for increasing the Arts Programme now as well as getting more funds for the BL.

13. I suggest, therefore, that you seek to set this aside and concentrate discussion on the main issue of funding the BL. It will be open to Mr Luce to fight his corner on the Arts Programme again in this year's PES, and, with the Treasury's cooperation, it surely ought to be possible to find some form of words to fend off the Arts lobbies on the detailed allocations for the later years (they are always necessarily pretty provisional). It may also be possible to persuade the Chief Secretary to undertake to give sympathetic consideration to Mr Luce's case in the next PES round. (If not through the tax route in the budget).

British Library Options

14. If you agree with, and secure, the above, the discussion should then concentrate on the funding of the BL project. It is clear that any option which reduces expenditure in the survey period increases the expenditure on the project as a whole, both in real and discounted terms. This is because not only will the benefits to the BL of the new investment be realised later, but also because redesign will be involved, construction overheads will be incurred for longer (eg crane hire), and because there will be some additional costs - for example walls which will ultimately be interior may temporarily be exterior and will hence have to be waterproofed. In terms of value for money, there is no doubt that the project should be completed expeditiously and without artificially introduced delays.

15. It seems likely that discussion will focus on the PSA Revised Plan and on Option 3. The former represents allowing the project to proceed at its natural pace and the latter the furthest it is sensible to go in attempting to reduce short term costs. Option 3 implies a delay of 39 months in stage IAA and about 12 months in IAB. The issue is whether the importance of sticking to the existing PES provision outweighs the disadvantages and ultimate extra cost associated with these delays. Mr Luce claims that, although he strongly prefers the PSA's Revised Plan, he would (reluctantly) be prepared to accept Option 3. But this is in the context of his tactic for linking the question with the Arts Programme. Mr Chope makes it clear (his letter of 7 January) that the Revised Plan offers the best value for money and should be adopted.

16. You will want to listen to the arguments for the various options, but in my view it would be very difficult for the Government not to proceed with the Revised Plan or something like it, as being demonstrably the most efficient and cost-effective way of completing Stage IA. No one is questioning the competence of the construction of the project; the fault lay in the estimating rather than the execution of the project itself. Assuming the inflation estimates are now soundly based, it would entail additions of £4.5, £9.4 and £12.8 million to the figures in the forthcoming White Paper. But it would not be unreasonable for such sums to be found from the Reserve, given the review of the project that has taken place and the lack of scope for any switch from the rest of the Arts and Libraries programme. And this is surely a case where the Chief Secretary ought to give higher priority to value for money considerations, provided he is satisfied the project is now under proper control and adequate arrangements are made for very close monitoring and control in the future. The latter is an important point and you may want to seek specific assurances on this.

Private Finance

17. In his letter of 5 January to the Chief Secretary Mr Luce has

put forward a scheme for allegedly using private finance to complete the St Pancras project on time. At a glance, however, it envisages extra borrowing by the PSA itself. This would not help, since it would still score as public expenditure and add to the PSBR. An alternative that involved genuine private borrowing (eg by the Management Contractor, Laings) might offer more possibilities. But the Treasury would presumably oppose it (pace the Dartford crossing) on higher financing cost grounds; and it would look suspiciously like the kind of deferred purchase dodge by local authorities that Mr Ridley has outlawed.

18. I doubt whether it is profitable to pursue this further, although you will want to hear the Chief Secretary's view. If the policy decision is to choose the most cost-effective way of completing stage 1A of the project, it would be better to make the extra provision required.

HANDLING

19. You will wish to invite the Minister for the Arts to introduce the discussion, and the Chief Secretary, Treasury to respond. Mr Chope will also wish to comment. Officials will be present: Mr Richard Wilding (Deputy Secretary, OAL), Mr Tim Burr (Assistant Secretary, Treasury), and Mr Gordon Johnston (Under Secretary, PSA).

20. If you reach agreement, you will want to report this to the Prime Minister. If not, it may be necessary to ask the Prime Minister to take a further discussion herself.



J B UNWIN

9 January 1987
Cabinet Office

CONFIDENTIAL

cc B/G



OFFICE OF ARTS AND LIBRARIES

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270 5929

From the Minister for the Arts

C87/14

David Norgrove Esq
10 Downing Street
LONDON SW1

Prime Minister²

I can see nothing worth pursuing further at this stage.

(The Lord President intends to hold a meeting shortly with Bruce and the Chief Secretary since funding

for the British Library is 5th January 1987

in effect a left-over from the PES round. But he would of course

Dear David -

be happy for you to take it if you preferred to do so. I suggest you should not

BRITISH LIBRARY

at trap

Should not do 7/1

Your letter of 8 December asked three further questions. The answers are as follows:

Why was inflation under-estimated in the early years of the project (surely project managers and PSA stay in close touch with others involved in major projects)?

Approval to start Stage IAA was given in November 1980. PSA selected a range of price indices (B&CE variation of price tender index; mechanical tender index; electrical cost index; general engineering cost index) in order to reflect the unusual nature of the project. All the packages of work let to contract up to the first half of 1985 (mainly civil engineering tasks) were within budget measuring inflation by these indices. It was not until well into 1985, when detailed designs and cost estimates for a more comprehensive range of construction tasks were being finalised, that concerns arose about shortcomings in those

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indices which related to components of the project for which tenders had not yet been invited.

When were they appointed?
PSA does stay in touch with building costs and the project's Consultant Quantity Surveyors (Davis Belfield and Everest) are leading figures in the preparation and publication of building price indices, widely used by the construction industry in London and the South East. *By whom?* When concern was expressed about the indices in use, PSA commissioned work to test and validate this concern and subsequently the extent of the under-provision for inflation became clear.

Why was the decision taken in the autumn of 1985 to construct Stage 1AB on the wholly inadequate basis provided by the 1983 costs uplifted by the general PES inflation factor? Who was responsible for this decision?

The PSA were becoming concerned about indices which were beginning to show a rate of growth which seemed quite unrealistically low. They therefore took the view that the general PES inflation factor would provide a more prudent basis for the forthcoming decision.

The resulting estimate was passed by the PSA to the OAL, who relied upon it in drawing up the report to the Minister for the Arts and the Chief Secretary on the basis of which the two Ministers decided to construct Stage 1AB.

Is the Minister for the Arts satisfied that the Boards of the Museums and Galleries and their staffs will be able to draw upon

CONFIDENTIAL

CONFIDENTIAL

experienced people to fulfil their new responsibility for building projects satisfactorily?

The Boards of Trustees of the institutions include individuals who are well placed to draw on the best available advice from the private sector. The financial allocations for the NMGs' running costs in 1987/88 include provision for the recruitment of staff to manage the transition to untying from the PSA. In addition to this basic provision, the Trustees of some galleries are hiring specific expertise. For example, the National Gallery's Trustees have retained Jones Laing and Wootton to advise them, while the V&A's Trustees are examining the scope for secondments from construction companies. OAL and the PSA have also established a Task Force to advise the NMGs on the various aspects of managing a building programme. However careful the preparations made for untying, the NMGs will undoubtedly make some mistakes to start with, but the Minister is convinced that the available resources will be spent to the best advantage in the long run if each institution owns and manages its own building programme.

The Minister is due to discuss the review of the St Pancras project with the Chief Secretary early in January. He will then report again to the Prime Minister.

CONFIDENTIAL

I am copying this letter to Jill Rutter (Chief Secretary's Office, H M Treasury) and Nigel Ledgerwood (Mr Chope's Office, Department of the Environment).

Yours ever,

John Fuller

JOHN FULLER

Assistant Private Secretary

CONFIDENTIAL

ARTS + ANTIQUITIES : Buxton Library Aug 77



COULD NOT

III

ANTHROPOLOGY

file *Caroline* *8/11*

MR. CATFORD

Mr. Luce has asked for 15 minutes on his own with the Prime Minister prior to the meeting with Sir William Rees-Mogg on Monday 22 December at 1500. I have put Mr. Luce in the diary at 1445.

(CAROLINE RYDER)

19 December 1986



NBPN.

 OFFICE OF ARTS AND LIBRARIES
 Great George Street
 London SW1P 3AL
 Telephone 01-23

270 5929

From the Minister for the Arts

 Rt Hon John MacGregor CBE MP
 Chief Secretary
 HM Treasury
 Parliament Street
 London SW1P 3AG

 cc - Mr Wilding
 Mr. Lamy
 Mr. Poulter
 Mr. Butler

Mr. Nongrove

Dear Chief Secretary

 15 December 1986
 C - Lord Whitford
 R.G.S. Johnson (DOE)
 Johnson CB (DOE)
 K.R. Cooper B.L.
 Mr. Burt (HMIC)

BRITISH LIBRARY: ST PANCRAS BUILDING

I have now received the results of the further work we agreed to commission on this project. I hope that we shall be able to move quickly to a decision on the future of Stage 1A. But the result of our Survey discussions has left me in a severe difficulty over the place of the St Pancras project in my programme as a whole which I must put before you and on which I must ask for your help.

2. You will have seen the hostile reception accorded to the Arts Budget that I announced on 17 November. The overall increase at 5.4% was adequate and I should have been quite content to defend a result which gave that sort of increase to the arts programme. In fact however, as you know, half of that went to finance the rising baseline of the St Pancras project, leaving 2.8% to be divided between all my other clients (with £3m out of £7m having to be devoted to the particular problem of abolition). In consequence I have had to freeze many grants at their existing cash levels, and provide others with less than the expected rate of inflation. The conclusion that many have drawn is that we have abandoned our manifesto commitment to keep up the level of our support for the arts.

3. I was prepared to put up with that in the wider public interest for 1987-88. I made a deal accordingly and I will stick to it for that year. But I have since analysed the effect of the Survey settlement combined with the further rise in the St Pancras baseline on the prospects for 1988-89. They are even worse. The average of 2.8% for 1987-88 comes down to about 2.2% in the following year. It is still well below 3% in

1989-90. Following past practice, I shall have to announce provisional planning figures which reflect these levels early in the New Year.

4. The political consequences will be such that I am quite clear that I must not announce such figures. If therefore I have to stick with the present planning figures for my total programme in 1988-89 and 1989-90, I shall have absolutely no alternative but to divert about £10m from the St Pancras project to the rest of my programme in each of those two years. This fact necessarily colours my view of the St Pancras options. I come back to it below.

... 5. As regards the options before us, I attach four Annexes:

- A - a table which summarises the annual flow of expenditure and the net present value under each of the available options except Option 1 (curtailment of Stage 1AB) where the uncertainties are so great as to make the calculation impracticable.
- B - an explanation of the PSA Revised Plan, which would bring expenditure forward in order to secure a more efficient construction and fitting out of the basements.
- C - an analysis of four options for reducing or deferring expenditure.
- D - a letter from the Chairman of the British Library Board, Lord Quinton.

6. I am in no doubt that, provided that we can arrive at a tolerable solution for my programme as a whole, the best course is to go ahead and construct Stage 1A in the most efficient and cost-effective way we can. The quicker we can get the building up and in use, the earlier its considerable benefits will accrue to both Government and the Library (a factor which n.p.v. calculations of outlays only cannot cover) and the better the prospects of securing efficient management and avoiding further cost increases will be. The private sector members of the Library Board have emphasised this point. So also and very forcibly did Peter Palumbo, whom I have consulted in confidence about the investment aspects of our problem, with a view to giving me an independent assessment.

7. The PSA's Revised Plan offers the best value for money and I therefore propose that we should go for that. In cash terms, the difference between it and the present baseline (see Annex A) is:-

CONFIDENTIAL

	<u>£m</u>	
<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
4.5	9.4	12.8

For 1988-89 and 1989-90, however, I still have to deal with the problem over the rest of my programme. So in order to achieve the rate of construction involved in the Revised Plan, my additional bid would have to become £20m in 1988-89 and £23m in 1989-90. These are, I know, substantial sums. But, when added to the sums agreed in the Survey, they still fall short of the additional bids (less the provision for Stages 1B and 1C) which I put before you in the summer of this year.

8. I understand that the PSA are working up an illustrative scheme for financing the difference between the present baseline for the project and their Revised Plan by commercial borrowing in the private sector. They believe it will show very clearly the financial advantages of putting up the building on their proposed timetable. This is something you may like to discuss with me and Christopher Chope in due course.

9. Turning now to the options for reducing or deferring expenditure, I hope we can agree that Option 1 (more fully discussed in Annex C) should be pursued no further; the latest report more than confirms the misgivings about it which I expressed in my letter of 28 October. There are three main points here:

- (a) there is no assurance that curtailment would save any money and it might well cost more;
- (b) it would do serious damage to the Library's objectives in constructing the new building and cause additional expenditure by both the Library and the British Museum in order to compensate for the facilities lost through curtailment;
- (c) by introducing a delay of unpredictable length pending redesign and the securing of a new planning permission, it would gravely jeopardise the manageability of a very complex project.

I agree with Lord Quinton's comments and have to say that, as owner of the project, I am not prepared to take responsibility for a course of action which our professional advisers have shown to offer such a high degree of risk for such a doubtful reward.

10. I would also rule out Option 2. Although its cost penalty is rather less than that of Option 3 and its n.p.v. a touch lower, the pattern of expenditure is both artificial and implausible; if there is to be such a peak in expenditure, it would be much better to have it early than artificially late.

11. If we had to go for one of these options, therefore, I would reluctantly accept Option 3. The delay of 39 months in the completion of 1AA and 12 months in the completion of 1AB which it involves is not, in my view, a sensible way in which to react to the higher cost estimates that we have to cope with. But if keeping to the present baseline for the project were to be treated as having primacy over all other objectives, Option 3 seems to me the best of a bad bunch. In that case, I should still have to fill the £10m gap I have referred to for 1988-89 and 1989-90.

12. It was with that gap in mind that I asked that Option 4 should be prepared. Since, on present expenditure plans, I could not afford more than £15m for St Pancras in 1988-89 and a corresponding sum in 1989-90, I thought we had better take a look at the implications for the project of continuing to fund it at that level. They are plainly untenable. But they illustrate clearly the possible consequences of inadequate funding over a long period.

13. Finally, therefore, I feel very strongly that we need not only a solution to the problems of the next two years but a stable policy for the funding of this complex and costly project to its completion. This requires two things. The first is making sure that a sound management system is in place. As you and I have both been conscious for some time, this is essential; my officials have been considering appropriate arrangements, and I shall write to you again very shortly on the matter. The second is to devise a long-term approach to the future funding of the project which ensures that it is completed within acceptable limits of time and cost, and which does not subject the rest of my programme to an annual crisis.

14. This is a difficult problem, not just for me but for the Government as a whole. Both my predecessor and I have warned that it was coming. We now have to deal with it.

15. I am sending a copy of this letter and enclosures to Christopher Chope. I suggest that we should have a talk and see whether we can find an agreed way forward before I report to the Prime Minister as she has asked.

Yours sincerely

Richard Luce

RICHARD LUCE

*Approved by Mr Luce
and signed in his absence*

Present Plan v PSA Revised Plan

Background

1. The 1980 decision to split Stage 1A into 1AA and 1AB was to spread the financial commitment and to allow the Library to start occupying the new facilities as early as possible.
2. It has always been recognised that the split of Stage 1A was an artificial one, and that 1AA was never intended to be a discrete project which could stand and function alone.
3. The decision to split Stage 1A was taken in advance of detailed design work on 1AA and well in advance of the major construction commencing on-site in mid-1984. It was also taken 5 years before approval was given to initiate pre-commencement services for the construction of 1AB. This is why the problems which have been identified in the Present Plan, and are explained below, have only recently been come to light.

Present Plan

4. Stage 1AA includes the construction of all the Stage 1A basements but roughly two-thirds are not fitted-out until Stage 1AB.
5. As the detailed design work and construction of 1AA and the pre-commencement services for 1AB built-up, it became clear that a problem would arise from 1991, when the basements fitted-out in 1AA would be occupied but the majority would still remain to be fitted-out in 1AB.
6. The major problem is one of access. In 1991 only a single "goods/delivery" lift will be available to serve both the basement areas being occupied and used as part of 1AA and those remaining to be fitted-out in 1AB, as illustrated overleaf.
7. Contractors workmen, materials, plant and equipment will have to use the same lift as the Library staff will require for their very extensive moving-in operations. This will involve contractors and their materials etc passing through occupied basement areas to reach those areas being worked on in 1AB.
8. Other problems would include difficulties in completing all the services, those in 1AA would have to be functioning before those in 1AB were installed. This could in turn give rise to problems of compatibility and responsibility as different contractors may have to be used.

PSA Revised Plan

9. A programme which alleviates most of these problems has been identified. It entails tackling the basement work in three areas (see diagram) - i) the 1AA basements; ii) the 1AB "cross-hatched basements" and iii) the 1AB "hatched" basements.

10. In this way the bulk of the work, in particular the heavy and dirty work, is completed in advance of the occupation of the LAA basements, thus reducing the problems of shared access, noise, dirt and security.

11. It is crucial to appreciate that this revised programme entails fitting-out the LAB basements earlier than envisaged under the Present Plan.

Advantages of the PSA Revised Plan

12. The need for contractors to share the lift with the Library will be greatly reduced and will be limited to "clean" trades.

13. Avoiding the limited access problems will certainly make planning and undertaking the work in the basements far easier and will enhance management control. The services in all the basement areas will be installed prior to the occupation of the LAA basements, thus overcoming the potential problems of compatibility and responsibility.

14. It is possible that the Library may benefit from part of the LAB basements (the "cross-hatched" areas) being completed and fitted-out earlier than envisaged under the Present Plan, but that has not been the prime consideration.

15. Similarly, it is likely that tackling the fitting-out of the basement areas in this manner will prove more economic than under the Present Plan, but at this time this is too speculative to be quantified.

Disadvantages of the PSA Revised Plan

16. The only disadvantage is that this programme generates a need for extra expenditure in the years 87/88 through to 90/91, with compensating reductions in the years 91/92 to 93/94.

17. The total cost of Stage 1A is the same under the PSA Revised Plan as it is under the Present Plan. In NPV terms, the PSA Revised Plan is only 0.5% more than the Present Plan.

18. At 3Q85 prices, the differences between the funding requirements of the PSA Revised Plan and those of the Present Plan are as follows:

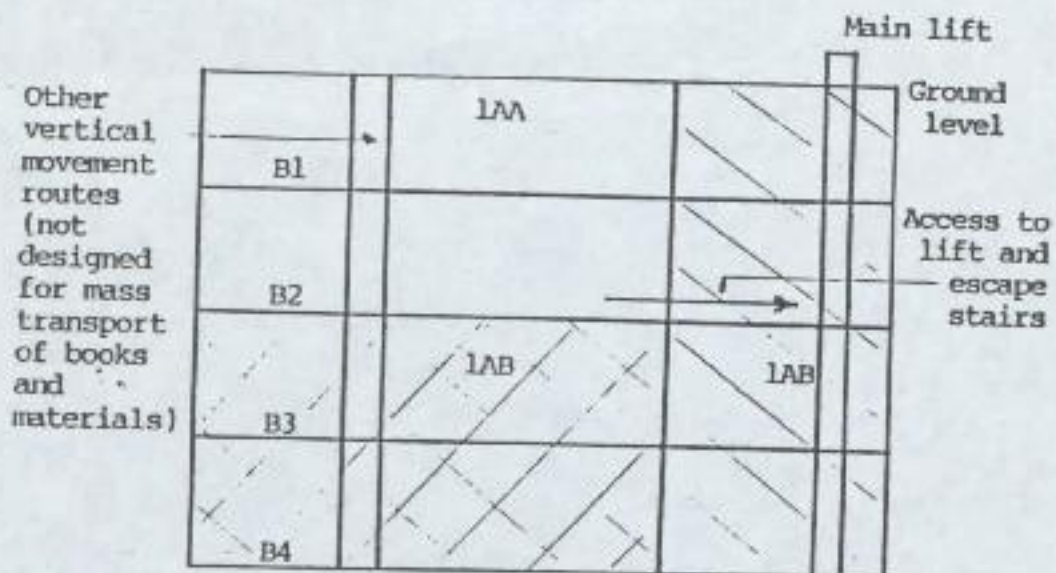
87/88	88/89	89/90	90/91	91/92	92/93	93/94
+0.4	+2.9	+3.2	+1.2	-6.2	-1.4	-0.1

Conclusion

19. The PSA Revised Plan is the most effective construction programme.

20. The PSA Revised Plan gives the Library unhindered access to the basement areas on completion of LAA. Equally important, is it avoids the noise, dirt and security problems which will arise in the basement areas if the Present Plan goes ahead.

DIAGRAMATIC SECTION THROUGH 1A BASEMENTS



The main lift is the primary means for the movement of materials, workmen, components eg bookstacks, plant and for the loading of books.

British Library: St Pancras

Options for Constraining Expenditure

- 1 - Envisages a redesign of the Stage IAB superstructure to accommodate the Science Reference & Information Services (SRIS) only.
- 2 - Envisages deferring fitting-out, with a longer delay on IAA than that given in the paper previously submitted to Ministers, but no delay on IAB. The cost penalty will be substantially less than the £9m identified in the earlier paper and funding requirements are within the PES baseline in the survey period. The NPV is, however, slightly higher than that already identified for the "present plan".
- 3 - Envisages deferring fitting-out, with a longer delay on IAA but a shorter delay on IAB. The cost penalty is £9m. Funding requirements are within the PES baseline in the survey period and in subsequent years are closer to the baseline figure for 89/90 than in Option 2. Again, the NPV is slightly higher than that already identified for the "present plan".
- 4 - Envisages a radical reprogramming to constrain expenditure in 87/88 to a PES level of £18.6m net at cash prices; in 88/89 to a PES level of £15m net at cash prices and in subsequent years to a PES level of £15m net at 88/89 prices.

Option 4 is clearly the most radical. The OAL asked the PSA to examine it on 20 November, giving them less time to go into it. In addition, constraining expenditure to PES net cash value is not directly related to the project, it includes facets such as maintenance; rent receipts and other items. We have established that the PES level of £18.6m net at cash prices provides fractionally under £21.1m for the project in 87/88. We have not had time to establish what a PES level of £15m net at cash prices for 88/89 would provide for the project. We have assumed that £15m at cash prices will be available for the project in 88/89 and will increase in line with inflation thereafter.

Option 1

Aim

1. To review Stage 1AB with a view to reducing it in size to house only the Science Reference & Information Services (SRIS).

Methodology

2. The review has been undertaken as a desk exercise. In the time available it has not been possible to carry-out a full design study without seriously impairing the design effort on Stage 1AA, which is already in construction and which would be put in unwarranted jeopardy by such a course of action.

Potential Savings

3. Stage 1AB as presently envisaged has a budget of £51m for the superstructure and the fitting-out. That budget includes items not directly related to the "size" of the building (eg M&E plant; lifts; roof construction; general site costs such as cranes) which account for £15m. Similarly, the budget includes aspects which are related to the "size" but which will not be affected by a reduction (eg the building frame primarily reflects the SRIS requirements and savings in straightforward office type space will have little impact on the frame; public facilities and entrances; shelving etc) which account for a further £5m.

4. The balance of the budget is £31m. Accommodating SRIS only will reduce by some 40% the building's floor area and the potential saving is assessed at some £12m. However, site construction entails other fixed costs in connection with management and construction plant and these are assessed at £1m, leaving a balance of £11m.

5. The potential savings if SRIS only is to be accommodated is, therefore, assessed at £11m.

Additional Costs

6. Proceeding with the SRIS only option will necessitate a redesign of the 1AB building.

7. Temporary protections and finishes to Stage 1AA in the absence of 1AB will be necessary at approximately £3-9m, depending upon the time it takes to redesign, to secure planning permission and to build. The 1985 decision to proceed with 1AB was a choice between that and temporary/termination works for 1AA to stand alone. To commence on the latter now, in time for implementation from July onwards - while at the same time envisaging an entirely different 1AB with its implications for 1AA - would put 1AA into significant delay and extra expense, amounting to some £3m.

8. Fresh design work and reprogramming 1AA in the light of the above could cost upwards of £0.1m.

9. Additional fees for the redesign of 1AB could also be of the order of £1-3m. (Abortive design costs on 1AB as presently envisaged would amount to another £1-3m)

10. The potential additional costs, in project terms, amount to something in the range £7.1-15.1m

11. These potential additional costs do not take account of any replanning the Library will have to undertake as a result of being unable to house as much of their operations in LAB as formally planned. (See paragraph 21 below.)

Spread of Expenditure

12. It is not feasible to produce a forecast spread of expenditure for this option because of all the uncertainties associated with it. Similarly, it is not possible to calculate the NPV.

Unquantifiable Factors

13. A reduction in LAB to accommodate SRIS only would require virtually all of the design effort initially going to identify the temporary works necessary to allow LAA to stand alone. Such an effort would consume the resources of PSA, the consultants and the management contractor to such a degree that it would be detrimental to the construction of LAA, which is in progress. The financial control and programming of LAA would deteriorate. The management contractor's expertise would be negated by a restricted design flow, with packages of work being delayed or attracting higher tenders.

14. So radical would be the redesign that the Planning Authority (Camden BC) would have to be approached and their agreement is by no means a foregone conclusion. The current Planning Authority approval is a prize to be treasured; redesigning on a large scale could be regarded by the Planning Authority as a fresh application for the project and open-up questions on the whole development. This could have far reaching consequences, not least that it would create an opening for Camden to raise wider issues.

15. Missing the opportunity of combining the contracts for LAA and LAB would be a great loss. A combined approach will reduce the number of contractors on the site and enhance management of the project. Building LAA and creating a new LAB later would provide a climate where industrial disputes could flourish - contractors in the building industry often pay their workmen different bonuses for comparable work, which could lead to difficulties if several contractors should be on the same site. But the cost and time penalties are not readily quantifiable.

16. The project underwent a major review in 79/80, during which time the division of Stage 1A into LAA and LAB was created. This took place before construction commenced. The project was under further review from Christmas 1983 until the December 1985 announcement that LAB would proceed. This placed the project team under great strain and necessarily diverted some attention from managing the construction of LAA. Despite this, LAA is progressing very well and is on programme. Deciding now that LAB should be redesigned, with the consequences that will have for LAA, would be a severe blow to the morale of the project team and would undoubtedly have time/cost implications, but these are impossible to quantify in advance.

Sensitivity

17. The figures given as the potential savings and potential additional costs are highly speculative. As mentioned at the outset, the study has been undertaken as a desk exercise and the figures are not based on detailed design studies or solutions.
18. The potential for an overall net saving is no greater than the potential for an overall increase in cost.
19. The unquantifiable factors are so significant that they have the potential to more than double the additional costs, and are certainly capable of rendering any savings negligible.

Conclusion

20. A reduction in the "size" of LAB to accommodate SRIS only is such a drastic solution at this late point in time that it cannot be recommended.

Note by the British Library

21. Omitting western manuscripts and the Oriental collections would prevent integration of the manuscripts and rare books services both in 1A and probably in the eventual 1B/1C also. The whole rare books and manuscripts policy might be discredited. If that happened the Library could not implement the only policy for the use of Stage 1A which is logical, intelligible and in line with conservation priorities. The Library would have to retain 14 Store Street (£0.55 million annually) and the British Museum would have to remain in occupation of 6 Burlington Gardens, which it reported in 1985 as having a capital freehold value of £4-£6 million.

Aim

1. To review the programme for the fitting-out of Stages 1AA and 1AB in order to constrain expenditure to the PES baseline in the survey period; to reprogramme in such a manner that delays in completion of 1AA are more significant than in 1AB; to keep the cost penalty within a ceiling of £9m and to secure an NPV not significantly higher than that for the "Present Plan".

Methodology

2. The review has been undertaken as a desk exercise. No redesign of either 1AA or 1AB is envisaged and work would concentrate initially on the major construction elements, to avoid the need for temporary protections/finishes. To this extent, the project would be tackled as a single Stage 1A.

3. The review has been carried-out on the basis of a financial analysis, with a construction management overview.

Programme Implications

4. The reprogramming considered necessary to achieve the aim is likely to give completion of the whole of Stage 1A in March 1993 ie a delay in completion of 1AA of some 27 months but no delay on 1AB.

Cost Implications

5. The cost penalty of implementing such a course of action is assessed at £5m.

6. Expenditure can be constrained to the PES baseline for the survey period ie until 89/90, but in the years immediately thereafter it rises very significantly, see Annex B.

7. The NPV of this option, taking into account costs identified by the Library as necessary to enable it to cope with the delay in completion of 1AA, is £148.09m - 1.3% greater than the NPV of the "Present Plan".

Sensitivity

8. As mentioned above, the review has been undertaken as a desk exercise. Whilst every effort has been made to ensure that the necessary programme alterations are viable in construction terms, detailed reprogramming of the project will have to be implemented to confirm the findings.

9. The cost penalty of £5m must be regarded as indicative, reprogramming will be necessary before the sum can be confirmed.

10. The spreads of expenditure should be regarded with some caution. PSA would not claim a greater accuracy than + or - 10% for forecasts of expenditure in any one year, with degree of uncertainty increasing the further into the future one is predicting.

The conversion of forecasts of expenditure from the 3Q85 estimate base into cash is also highly speculative. Treasury factors have been used but there are worries that these will not truly reflect the cash requirements. Accordingly, although the cash line is below the PES baseline for the survey period, the volume of work measured at 3Q85 prices could well generate expenditure up to the baseline.

Conclusion

12. Deferring the fitting-out of 1AA appears to enable expenditure to be constrained within the PES baseline for the survey period, without causing a delay to the completion of 1AB, without incurring a cost penalty of over £9m and without greatly exceeding the NPV of the "Present Plan".

13. However, this option entails a very significant leap in expenditure levels in the years immediately following the survey period. If this option is to proceed it must be on the basis that such increases in the level of expenditure will be acceptable in the years involved. By the time these years are reached the commitments will be such that there will be no scope for further reprogramming to alleviate the funding requirements.

14. In view of the increased level of expenditure in the years immediately following the survey period, and the doubts which must exist about the necessary funds being made available, this option cannot be recommended.

Note by the British Library

15. The deferment options 2 and 3 involve the Library in housing 27 thousand feet of new reference stock annually for which there is no accommodation provision after 1990. Acceleration of Phase IVb of the Corn Stores project at the Document Supply Centre at a capital cost of £1.5 million would cover most of the shortfall in storage space caused by Option 3 but over one hundred thousand feet of reference stock would have to move to Boston Spa. This would impair the London service. Any further delay in returning the first part of it to London would also impair the revenue-earning services of the DSC, which would need the space.

Aim

1. To review the programme for the fitting-out of Stages 1AA and 1AB in order to constrain expenditure to the PES baseline for the survey period and in subsequent years to keep it as close to the baseline figure for 89/90 as practical; to reprogramme in such a manner that delays in completion of 1AA are more significant than those in 1AB; to keep the cost penalty within a ceiling of £9m and to secure an NPV not significantly higher than that for the "Present Plan".

Methodology

2. The study has been conducted on the same lines as Option 2

Programme Implications

3. The reprogramming considered necessary to achieve the aim is likely to give completion of Stage 1A in March 1994 ie a delay on 1AA of some 39 months and on 1AB of about 12 months.

Cost Implications

4. The cost penalty of implementing such a course of action is assessed at £9m.

5. Expenditure can be constrained to the PES baseline for the survey period ie until 89/90 and to the range £25-30m in the years immediately thereafter, see Annex B.

6. The NPV of this option, taking account of additional costs the Library has identified, is £148.71m - 1.8% greater than the NPV of the "Present Plan".

Sensitivity

7. The sensitivities are the same as for Option 2, except that the construction programme is lengthened by 12 months and consequently the risks (eg industrial disputes, deterioration of relations with the local community) are greater.

Conclusion

8. By deferring the fitting-out of 1AA and, to a lesser extent, 1AB it appears possible to keep expenditure within the PES baseline for the survey period and to reduce the peaks in subsequent years, which feature in Option 2.

9. If this option is to proceed it must be on the basis that the increased levels of expenditure, after the survey period, will be acceptable. By the time these years are reached the commitments will be such that there will be little scope for further reprogramming to alleviate the increases in the levels of expenditure.

10. By delaying overall completion of Stage 1A, this option overcomes the enormous leap in the level of annual expenditure immediately following the survey period, which is the major

sadvantage of Option 2. If a more consistent level of annual expenditure is a prime requirement, then this option offers the prospect of achieving that. Delaying completion does, however, increase the risks.

11. This option can be recommended only if the annual funding requirements are confirmed, the delays in completion are acceptable and the increased risks are acknowledged.

Note by the British Library

12. The deferment options 2 and 3 involve the Library in housing 27 thousand feet of new reference stock annually for which there is no accommodation provision after 1990. Acceleration of Phase IVb of the Corn Stores project at the Document Supply Centre at a capital cost of £1.5 million would cover most of the shortfall in storage space caused by Option 3 but over one hundred thousand feet of reference stock would have to move to Boston Spa. This would impair the London service. Any further delay in returning the first part of it to London would also impair the revenue-earning services of the DSC, which would need the space.

Aim

1. To review the programme for Stage 1A in order to constrain expenditure in 87/88 to a PES level of £18.6m net at cash prices; in 88/89 to a PES level of £15m net at cash prices and in subsequent years to a PES level of £15m net at 88/89 prices.

Methodology

2. As with the other options, the review has been undertaken as a desk exercise. No radical redesign of Stage 1A is envisaged, but some changes will undoubtedly be necessary to cope with the reprogramming of the project and an extended construction period.

Programme Implications

3. Constraining expenditure as stated in the aim can only be achieved by strictly limiting the rate of commitment, which in turn can only be achieved by constructing Stages 1AA and 1AB as entirely separate projects.

5. Stage 1AA will require substantial reprogramming and completion will not be achieved until the end of 1993, a delay of 3 years.

6. Construction of 1AB will not commence until 1AA is complete and 1AB is not expected to be complete before the end of 2001, a delay of nearly 8 years.

Cost Implications

7. The cost penalty of implementing such a course of action is assessed at approximately £54m.

8. Finishes and protections to 1AA in the absence of 1AB would have to be more substantial than those envisaged in Option 1, in view of the known delay to the start of 1AB.

9. Significant design revisions will be necessary at the 1AA/1AB interface to enable it stand alone, and to be occupied, until 1AB is built. This will entail reprogramming 1AA immediately for implementation from July onwards.

10. Other factors contributing to the cost penalty include extended overheads and management costs; renegotiation of fees payable to consultants and the management contractor; renegotiation of some contracts already committed; additional protection and maintenance on 1AA whilst 1AB is under construction; additional waterproofing, ventilation and temporary heating arrangements; degradation of site equipment and facilities; deterioration and damage to completed work during the protracted construction period; major reappraisal of design aspects, particularly M&E items, to take account of changes in technology and availability of components over the extended period; uneconomic working arrangements to comply with expenditure limits will result in higher costs - indeed it may be so extreme that it will prove difficult to attract contractors except at very high premium rates.

11. The risks inherent in this option must not be underestimated. Ifst they are broadly similar in many respects to those in option 1, they are even more accute.

12. In addition to any cost penalties this course of action may entail for the Library, the inconvenience to the Library, its staff and its readers ought not to be belittled. Stage 1AA will be available for occupation 8 years before 1AB is due to finish. During which time, with the best will in the world and all the protective precautions which can possibly be accommodated on the site, the noise and dirt levels which will created will make for a thoroughly unpleasant environment.

13. Deliberately programming the construction in the manner necessary to achieve the aim of this option will be inefficient and uneconomic and its adoption will result in a severe crisis of confidence on the part of the whole of the project team - PSA staff, the consultants and the management contractor. It will prove difficult to attract high calibre staff to the project, proper management control will be extremely difficult to achieve and sustain. Turnover of staff will be high, resulting in loss of continuity and further degradation of control.

14. The NPV of this option has been calculated without taking into account additonal cost the Library will undoubtedly incur, because the Library has not had time to determine the implications of the delays this option entails. The NPV based soley on the project costs is £154.71 - 6.9% greater than the NPV of the "Present Plan" even without the Library's costs!

Sensitivity

15. This option is so radical and the time allowed to consider it has been so limited that both the programme and the cost implications must be regarded as speculative in the extreme.

16. The sensitivities are the same as for the other options, but the degree of uncertainty is even greater. However, there should be no illusion that the implications stated are exaggerated. As with Option 1, the risks associated with this option are such that the cost penalty is more likely to double than to reduce to any extent.

Conclusion

17. Under no circumstances could this course of action be recommended.

18. If there is no other way of progressing with the project then serious consideration should be given to abandoning the scheme.

19. As a very rough guide only, abandoning the scheme - taking account of outstanding commitments; closing down operations; safety measures and a guess at some compensation amounts which may become payable to consultants, the management contractor and other contractors - could entail further expenditure of some £14.5m spread over the next 4 years. Expenditure already incurred on the scheme, including site preliminary works and demolitions but, excluding the site purchase cost, is £34-35m.

Note by the British Library on Option 4

20. Effect on the SRIS

8 thousand feet of stock already due to overflow annually from 1988 would accumulate to 112 thousand feet. 33 thousand feet might be housed in the former Patent Office storage at 25 Southampton Buildings at a cost over 14 years of about £3 million. If that were not available another site would have to be found. The remainder might be housed in Stage 1AA at St Pancras, but there would be no science reading room and it would be a misuse of the new building to use it as an "outhouse". A more likely scenario would be to place only humanities stock in Stage 1AA and to transfer SRIS stock to vacated space in Woolwich. This SRIS stock would be inaccessible to patents users needing to inspect large quantities of material in a hurry for commercial reasons.

Effect on the Humanities and Social Sciences (H & SS)

The rare books, fine art and music collections would be isolated at St Pancras for seven years amid "noise and dirt" as PSA explains. A whole generation of readers would have to commute between Bloomsbury and St Pancras. New humanities stock could not re-occupy all the vacated rare books shelving because it is in space promised to the British Museum. An overflow of the order of 100 thousand feet would occur. Unless further instalments of St Pancras storage were made available before the year 2001, a capital cost of about £1.5 million would be necessary for short-term storage.

The British Library

2 Sheraton Street

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Telephone 01-636 1544

4th December



I understand you are on the point of decisive discussions with the Treasury about the future programme for the new building at St. Pancras. With that in mind I have consulted members of the British Library Board and I am writing now to give you our views.

First, let me say, with all possible emphasis, that we want the new building. It is absolutely indispensable for the future maintenance and development of the Library, so as to benefit its many users in the way outlined in our Strategic Plan last year. The sooner we have the building, of course, the earlier we shall realise the benefits.

Like you and your colleagues, we were dismayed by the unforeseen leap in the forecast costs of Stage 1A, as estimated by the PSA this summer. We share your concern to see that the overall project is more closely managed in the future. But we are even more alarmed by the signs that, in reaction to this state of affairs, the Government seems to be in serious danger of forgetting its announced commitment to the new building and of seeing the problem as one of crude decisions on annual supply rather than as a major new investment.

Whatever may be the effects on the costs of construction, the irrational suggestion that three floors should be sliced off Stage 1A strikes at the very roots of the case for the building. It would render nugatory work which is already in progress on Stage 1AA and disastrously undermine the intention to bring together main collections and reading rooms at St Pancras, both to improve services to readers and preservation of the stock.

Nor do we believe that an alteration of plans which would defer occupation of the new library for Science Reference and Information until the next century could bring anything but reproach upon the Government and the Board. It has been recognised for more than twenty years now that the needs of business, academic and other researchers cannot be adequately served from the antique buildings in which the SRS currently operates. If the Government shares our views about the importance of the role of information in the economy, it must surely be looking to provide modern facilities for a central science reference library as soon as this can reasonably be done.

We can more easily understand that, in face of the unexpected increase in costs, Ministers have wanted to explore the scope for some modest deferment in the target dates for completion of Stage 1A. But it seems inevitable that any such deferment would increase the overall costs of the building yet further. Moreover the Board is very concerned about the overall length of the timetable of the building and the attendant risks of losing momentum altogether, as a result of perpetual review of the project and alteration of plans. Private sector members of the Board, in particular, are clear that advantage lies, not only to the Library as user, but to the Government as investor, in getting the building quickly into operation.

From the Chairman

The British Library

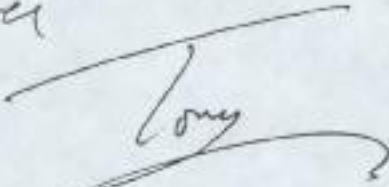
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- 2 -

I have deliberately not dwelt on the detailed implications for the Library of the various courses you have under consideration. These are available to you through the continuing discussions between officials of the CAL and the Library. The Board is more concerned to urge the need for decisions which give a solid realisation to commitments the Government has already made and properly reflect the urgent practical importance of a unified national library in this age of information. If I or my colleagues can do anything further to help you and the Government to arrive at such a decision I shall be very glad if you will let me know.

Yours ever


Lord Quinton

Richard Luce Esq MP
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Great George Street
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File DGZBPE
ceBG



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 December 1986

BRITISH LIBRARY

Thank you for your letter of 31 October and for John Fuller's letter of 2 October which explained the reasons for the increased estimates of the cost of Stage 1A of the British Library.

Over half of the increase in the estimated cost is ascribed, in John Fuller's letter to me, to inflation. As I understand it (and contrary to the implication of paragraph 1.3 of the attachment to John Fuller's letter), the £31.6 m. increase ascribed to inflation is the result both of under-estimation of the inflation experienced by the project between 1979 and the third quarter of 1983, and of the under-estimate of inflation from autumn 1983 to autumn 1985 which resulted from the decision to uplift the 1983 costs by the general PES inflation factor. This explains why the amount ascribed to inflation in the letter of 2 October cannot be reconciled with the figures for inflation given in the attachment to your letter to me of 31 October.

The Prime Minister has noted that the cumulative inflation for the project from autumn 1979 to autumn 1985 measured by an index specially constructed for the project has been 38 per cent, as against 69 per cent on an index for construction in London and the South East generally, and 18 per cent for PSA's index of building tender prices. The Government have in the past taken credit for achieving greater output from the same inputs and it is right that the British Library should seek to achieve similar results. The Prime Minister would be glad now to know why inflation was under-estimated in the early years of the project (surely the project managers and PSA stay in close touch with others involved in major projects?) and also why the decision was taken in the autumn of 1985 to construct Stage 1AB on the wholly inadequate basis provided by the 1983 costs uplifted by the general PES inflation factor. Who was responsible for this decision?

The Prime Minister looks forward to seeing the results of the review of the British Library which is now in progress. She may wish to discuss this with the Ministers concerned.

TH

The Prime Minister has also noted that the responsibility for the management of projects is gradually to be transferred to museums and galleries themselves. She has asked whether your Minister is satisfied that the Boards of these bodies and their staffs will be able to draw upon experienced people to fulfil this new responsibility satisfactorily.

I am copying this letter to Jill Rutter (Chief Secretary's Office, H.M. Treasury), and Nigel Ledgerwood (Mr. Chope's Office, Department of the Environment).

David Norgrove

Michael Stark, Esq.,
Office of Arts and Libraries.

ppr please

PRIME MINISTER

BRITISH LIBRARY: ST. PANCRAS

*But we were boasting
during some of those years that
we were getting more value
out of the same contracts
nowadays: why not
the British
Library?*

In quiet moments over the last few weeks I have been to-ing and fro-ing with PSA over the British Library.

You will remember that just over half of the increased cost of the British Library was attributed to inflation.

From Autumn 1979 to Autumn 1985 the cumulative inflation for the present, measured by an index specially constructed for it, has been 38 per cent, as against 69 per cent on an index for construction in London and the South East generally, 18 per cent for PSA's index of building tender prices and 63 per cent for the RPI.

The reason why the allowance for inflation suddenly increased in the Autumn of 1985 was in large part because inflation had been underestimated in previous years. At each stage, when the costs have been recalculated, PSA have added up the amount they have already spent and the amount they need to spend to complete the project at the prices prevailing at the time the estimate was being made. The index they used was the PSA's national construction price index. In the early years of the project this seemed to work well. From 1980 to 1984 the task was to finish the designs for the early stages of the project, to prepare the site and to carry out an immense amount of piling and concreting so that the huge basements could be dug out. During those stages the tenders put in by the contractors ran reasonably well in line with the PSA national price index.

What PSA did not realise was that the prices for other kinds of construction in central London (bricklaying, etc. etc.) were rising faster than the national price index, so the total cost of the project was being underestimated.

*whole
minute* A further problem was created in 1985 when it was decided that Stage 1AB should go ahead without a full review of the estimated costs. Instead, the general PES inflation factor was used to update the costs. Again, the inflation index used understated the inflation actually faced by the project.

These underestimates of inflation only became fully apparent this year.

Other major contributors to the estimated increase in the cost were changes in VAT regulations and budget changes to VAT, changes in building regulations, and the inclusion of a larger contingency margin (£10m) for risk.

There seems to have been no overspending because construction has been going badly (indeed, the PSA assure me that it is going extremely well) and very small increases for changes in designs and eg extra costs for development of a mechanical book-handling system.

My conclusion is that the problem here is not like the Thames Barrier or Nimrod where the extra costs arose from technical problems, labour disputes and the like. Instead, there was a failure to estimate correctly the movement in construction prices for work which had yet to be carried out. Arguably, PSA should also have included a contingency margin from the start to cover changes in regulations etc. which are inevitable during a project which will take as long to construct as this one. (Of course in the 1970's the pressures in OAL would have been to keep the estimate down as low as possible in order to get approval for the project).

Neither the cost of the project so far nor its projected cost, on the evidence I have had, is likely to be markedly out of line with what might reasonably have been expected when the decision to construct the Library was taken in 1980. The question now is whether we can afford to complete it and, indeed, whether it would be right to do so.

The people concerned with the project at PSA have represented to me very strongly that the reviews of the project which have taken place over the past year or two have detracted from its management. They also argue that options to keep down the cost severely will lead either to a most unsatisfactory result or, in the longer run, to extra costs because the project will be built slowly and therefore uneconomically. There is no doubt some special pleading in this, but also some good sense.

See note on front

I suggest you write to OAL noting the explanations for the increased costs and setting out your understanding of how they have arisen (the OAL letters are very deficient on this) and looking forward to seeing the results of the review, which you may wish to discuss with the Ministers concerned. You could then draw attention to the need to be realistic in the assessment of the future options: we must avoid compromise solutions which could result in an unsatisfactory Library built at an uneconomic rate.

You could also ask:

- (i) why the decision to construct stage 1AB was taken without a further full review of the estimated costs;
- (ii) responsibility for the management of projects is gradually to be transferred to Museums and Galleries themselves; are OAL satisfied that the Boards of these bodies and their staffs have or will be able to draw upon experienced people to do it?

Agree?

DW

DAVID NORGROVE

5 December 1986

BM2BAB



Department of the Environment

PSA

Property Services Agency

St Christopher House Southwark Street London SE1 0TE
Telegrams
Telephone 01-928 7999 X 4808

David Norgrove Esq
Private Secretary
10 Downing Street
London SW1

Our ref

Your ref

Date

2 December 1986

Dear Mr Norgrove,

BRITISH LIBRARY: ST PANCRAS

I refer to our telephone conversation on 25 November and, as promised, enclose a copy of detailed explanations given to the Office of Arts & Libraries, and copied to Treasury, on 19 August.

When we spoke you were principally concerned with the "Inflation" increase, which is covered in Appendix 1 attached. You will see that the explanation given in August was much lengthier than that in the PSA Note of 2 October, which accompanied John Fuller's letter of the same date. In particular, you will see in the fourth paragraph of Appendix 1 that the amount "...attributed to inflation not only updates the 3Q83 estimates, it corrects the underprovision for inflation in the period 3Q80 (the price base date) to 3Q83". Unfortunately the abridged explanation given at para 2.3.A of the 2 October Note did not make that point.

Similarly, Appendix 3 attached was headed "Unforseeable Circumstances and Underestimation" and explained increases amounting to £13.6m whereas para 2.2.C of the 2 October Note gave "Other unforeseen changes" amounting to £3.9m - the difference being the "Risk Contingency", which was treated separately in the 2 October Note (paras 2.2.F and 2.3.F).

I hope you will find these papers help clarify matters.

F T Smith

F T Smith

Inflation

The most significant of the increases in cost is that attributable to inflation. A project as large as the St Pancras scheme, bearing in mind some of its peculiarities (eg the long delay between the cost estimate at 3Q80 prices and the main construction work commencing; the very long construction period and the extensive basement areas) and its central London location, cannot expect to be accurately covered by any of the general price indices. A project of such size, complexity and location requires an independent price index arrangement, one which takes full account of the tendering factors being experienced on the project.

In the earlier estimates we have tried to take account of the unusual nature of the project by adopting a range of indices (B&CE variation of price tender index; Mechanical tender index; Electrical cost index; general Engineering cost index) rather than rely on one all-embracing general building index, in an effort to obtain as realistic estimates as possible. You will understand that it takes some time to let or tender a sufficiently representative range of work packages to produce meaningful results

The Stage 1AA packages which have been let or tendered so far enable us to establish the cost rates the project is attracting and to measure how these rates compare with the 3Q80 price base used to estimate the works costs. In this way we are able to determine how the rates have moved by comparison with the 3Q80 base data and to produce indices unique to the project. Such a methodology is not novel; it has been used on other large and atypical projects to give an accurate guide to how the initial cost estimates are being influenced by inflation.

However, the application of such a technique serves to emphasise the inadequacy of the general price indexing system for a project of the size and nature of St Pancras. It highlights how unsatisfactory the updating provisions in previous years have been. The amount now attributed to inflation not only updates the 3Q83 estimates, it corrects the underprovision for inflation in the period 3Q80 (the price base date) to 3Q83.

The Principal Finance Officer and the PSA branch responsible for the production of price indices have both been consulted over the transfer from "average" indices to project-based indices and are content.

The breakdown of the £31.6M between the Stages is:-

	1AA	1AB
Inflation	17.300	14.300

Value Added Tax

The increase of £5.9M attributable to VAT is made-up of £1.9M for charges levied upon the Management Contractor's costs; £3.9M in respect of Supplies items and £0.1M on direct contracts ie the steel piles.

The VAT payable on the Management Contractor's costs is a Customs & Excise ruling. PSA has argued unsuccessfully with Treasury that as this has a zero net effect on Public Expenditure it should be given a compensating credit in the expenditure budgets. OAL may feel that it is a point worth pursuing further.

The very significant £3.9M for Supplies items is mainly due to racking and is a consequence of the 1984 Budget changes concerning fitted furniture. The high racking content of Stage 1AB clearly makes a significant impact on that Stage of the project.

The breakdown between the Stages of the £5.9M increase is:-

	1AA	1AB
1) VAT on Management Contractor's cost	1.000	0.900
2) VAT on Supplies items	1.500	2.400
3) VAT on direct contracts	0.100	-
	<u>2.600</u>	<u>3.300</u>

Unforeseeable Circumstances & Underestimation

The £13.6M in this category is a combination of factors including outside influences and a more realistic appraisal of some still tentative costings.

Outside influences are primarily revisions to statutory regulations or codes of practice which have occurred since the last estimate.

More realistic appraisal of some still tentative costings covers such things as the Supplies estimates (a full schedule of supplies items for Stage 1AB has not yet been produced) and the mechanical book handling system - a design development package from which the tender information in respect of 1AA has highlighted a serious underprovision in the 1AB figure.

In addition PSA considers it prudent to include a design and component risk sum in each Stage. The sums of money are very significant in cash terms but quite small in percentage terms - less than 3% of the revised construction cost of 1AA and fractionally over 8% of 1AB. As sketch designs are translated into working drawings, (the majority of 1AB drawings have yet to be undertaken) details will emerge which were not previously discernible but which will add to the cost. Similarly, component parts envisaged in sketch designs and incorporated in working drawings may not be available when it comes to the actual execution of the work. In some cases advances in technology may make it advantageous to substitute new components for those originally envisaged.

Under normal lump-sum contract arrangements the completion of working drawings and bills of quantities would ensure that all such items were catered for in the pre-tender estimate. In a Management Contract some elements of the project are in construction, some even finished, before other elements are translated from outline design sketches into detailed working drawings and schedules of quantities. Therefore it is prudent to recognise that there is a design and component risk and to take appropriate financial cover.

Moving-in operations is a new item. During the phased occupation of the premises there will be a need for additional labour & materials; for temporary protection in many areas and for extra security. OAL may feel that the cost of such items is more appropriate to the Library's budget than to the project budget, but the project will clearly have to bear such costs and they have been included to ensure the matter is not overlooked again.

The breakdown of the £13.6M between the Stages is:-

	1AA	1AB
1) Amendts to Regs & Codes governing Electrical Installation; Metal Ductwork; Lightning Protection & Improvements to Fire Alarm Systems	0.450	0.410
2) Revised estimate for Supplies - approximate sums as planning is not sufficiently advanced for precise estimating.	0.730	0.800
3) Revised estimate for Mech Book Handling System.	-	0.820
4) Design and Component Risks	2.800	6.860
5) Moving-in Operations	0.300	0.450
	<u>4.280</u>	<u>9.340</u>

Design Developments

When outline sketch designs are developed into working drawings the detail which emerges sometimes highlights aspects not previously recognised, and not therefore included in the earlier estimates.

Similarly, as component parts are chosen, the incorporation of these into the detailed working drawings can necessitate design revisions or show areas where earlier estimates were insufficient.

The future phasing of the project is also now clearer. This has resulted in revisions to some of the earlier plans and estimates (eg adjustment to the 1AA/1AB boundary; inclusion of windows in the north wall of 1AB). New items have also been incorporated (eg additional offices; changes requested by Lord Gowrie; solar shading).

The breakdown of the £3.7M between the Stages is:-

	1AA	1AB
1) Detail design revisions eg fixings of partitions to floor slabs; wall supports; smoke ventilation; specialist commissioning of M&E equipment.	0.590	1.130
2) Component parts such as facing bricks and windows.	-	1.100
3) Design & phasing alterations & new items.	0.330	0.620
	<u>0.920</u>	<u>2.850</u>

Resource Costs

The resource costs figure comprises our estimate of the requirements for Consultants' Fees, less 10% in respect of the VAT refund on Fees, plus 3% to cover PSA administrative costs.

An element of the Consultants' Fees is linked in percentage terms to the project construction cost and consequently as the project cost increases so does the Fees requirement. In this context the project construction cost is exclusive of such things as the Management Contract fees, VAT and Crown Suppliers items, which are billed inclusive of their own resource costs.

The breakdown of the £2.1M between the Stages is:-

	1AA	1AB
Resource costs	0.50	1.60

ARTS & AMENITIES: British Library:

Aug. 1979





OFFICE OF ARTS AND LIBRARIES

Great George Street
London SW1P 3AL
Telephone 01-233 8610

From the Minister for the Arts

David Norgrove Esq
10 Downing Street
LONDON SW1

// B L F Monday

31 October 1986

Dear David,

BRITISH LIBRARY: ST PANCRAS

Your letter of 20 October asked two further questions about this project.

On the Prime Minister's first question, the PSA has a project manager with the responsibilities specified in your letter. A more detailed note by the PSA on his role and responsibilities is at Annex A.

We take it however that what the Prime Minister has in mind is not only PSA's responsibility for controlling the delivery of contracts, but also the wider responsibilities for the "ownership" of the project of the kind discussed in the Efficiency Unit's report of June 1985. At present, the "owner" responsibilities are divided. The Office of Arts and Libraries (OAL) is responsible for the policy and financing of the project. The British Library is responsible for preparing the detailed user requirement and for securing OAL approval for any variations which would add to planned costs. However, Ministerial responsibility lies clearly with my Minister, who is taking a close personal interest in the project. At his request, as part of the current review of the project, officials here, in consultation with the PSA, the British Library, the Treasury and the Efficiency Unit, are examining how the "owner" responsibilities can best be concentrated, sharpened and clarified. They will be reporting to Mr Luce shortly and I shall let you know the outcome. Meanwhile, Mr Luce has asked that regular monitoring reports should be made to him personally; the first of these will be submitted very soon.

... On the Prime Minister's second question, I attach a note by the PSA about inflation at Annex B. The current review will also examine questions of financial monitoring and control.

Yours ever,

Michael

MICHAEL STARK
Private Secretary

INFLATION

1. Attached is a schedule showing year by year percentage inflation for the project, compared with the RPI, the PSA's national building tender index and an index for London and the South East prepared and published by Davis Belfield and Everest (a major firm of Quantity Surveyors and the Quantity Surveyors for the British Library project).
2. The indices show that, compared with the RPI and with the index for London and the South East, the inflation rate on the British Library has been well below the average for London and the South East and the RPI.
3. The aim of any index is to give the best guide to the tenders which will actually be received for particular projects or packages of work.
4. The British Library project was originally linked to PSA's index of building tender prices which reflects, with its very low inflation rate, the nationwide competitiveness of the building industry across a wide range of government work. Nonetheless, this index contains only a relatively small sample of work in London and cannot therefore be used reliably for work on the British Library, although the early tenders received for work at the site came within it.
5. The recently declared increase in the estimated cost results from a much more detailed and project specific appraisal by the new Project Manager and the consultant quantity surveyor, to provide a more reliable forward look. The project index produced as a result still reflects the favourable prices that government work attracts and for this reason remains below the consultant's own London and South East index which relates to a wide sample of commercial and industrial work. In addition, the project index also now takes proper account of the particular needs of the Library building which contains significant amounts of mechanical and electrical equipment and special supplies in some parts, such as many miles of steel shelving.
6. The project index will of course be further refined as more experience is gained of actual tender prices and may from time to time show a need for adjustment which differs from the rate of inflation in other fields. Nevertheless, competition for work on this important site is expected to remain keen, which should keep the project index well below the RPI index.

PERCENTAGE COMPARISON OF INFLATION RATES BETWEEN RETAIL PRICE INDEX AND DIFFERENT BUILDING TENDER INDICES

	RPI	PSA's Index of Building Tender Prices (published as information sheet by PSA)	Index of London and the South East (prepared by Davis, Belfield and Everest)	British Library Project Index
3Q79-3Q80	16.35	17.68	20.81	20.59
3Q80-3Q81	11.25	- 9.79	8.33	- 0.98
3Q81-3Q82	7.98	0.52	9.74	2.46
3Q82-3Q83	4.64	0	4.67	1.44
3Q83-3Q84	4.71	5.15	6.07	8.06
3Q84-3Q85	6.32	4.41	5.43	2.63
Cumulative Total	62.85	17.6	69.1	37.6
Forecast:				
3Q85-3Q86	2.61	5.63	5.95	6.41



ARTS & AMENITIES British Library Aug 1979



BMLAWI

cc BG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 October 1986

BRITISH LIBRARY: ST. PANCRAS

The Prime Minister has seen John Fuller's letter to me of 2 October to which was attached a report about the position on the new British Library at St. Pancras.

The Prime Minister remains most concerned about the way this project is going, and will wish to be kept closely in touch. At this stage she has two further questions.

First, she has noted that a steering committee has been set up. The Prime Minister is not, however, convinced that a committee will dramatically change the performance on this project. Is there one person, a project manager, properly qualified, with clear responsibility for ensuring that the British Library contracts are delivered to time and to cost?

Secondly, much of the increase in the cost of the project is attributed to inflation, which has been calculated from an index relating specifically to the project. The Prime Minister has asked for figures showing the year by year percentage inflation for the project, compared with the RPI, and with more general construction cost indices, if possible relating to London or to the South East.

I am sending a copy of this letter to Jill Rutter (Chief Secretary's office), Neil Mitchell (Department of the Environment) and Kate Jenkins (Efficiency Unit).

(DAVID NORGRIVE)

Michael Stark, Esq.,
Office of Arts and Libraries

BF

BF

PRIME MINISTER

BRITISH LIBRARY: ST. PANCRAS

Below are minutes from the Policy Unit and the Efficiency Unit, together with a letter from the Office of Arts and Libraries.

The figures from the Office of Arts and Libraries show that £32 million out of the £57 million increase in the estimated cost of stage 1a of the project was due to inflation. I am suspicious about this because the index used to calculate inflation is one prepared specifically for the project, "to provide more secure estimates". This could hide a multitude of sins.

Re-calculate using RPI on the basis. Any other possible methods take cost as the relevant [index] - with no attempt

The Policy Unit, the Efficiency Unit and I are all very doubtful about the quality of the management of this project. *do not take*

The arrangements for the future management of the project are under review and the PSA will now be reporting to a steering committee. It is not clear yet that any one person really feels fully responsible for the project. *not*

I suggest you enquire in more detail both about the management structure for the project and about the calculation of the inflation figures.

Agree?

Yes

not

DAV

(DAVID NORGROVE)

17 October 1986

DA.09

15 October 1986

BRITISH LIBRARY - ST PANCRAS

This is a long sad story and we are still in the early chapters of it.

The project was divided initially into sections 1a, 1b and 1c with later tentative additions 2a, 2b and 3a. In 1980, 1a was divided into two, 1aa and 1ab. This was an artificial division by Norman St John Stevas in 1980 so that the initial start authorised as 1aa did not look too big. Piling started in 1982 and the main work on 1aa in July 1984, completion of 1aa being scheduled for December 1990.

Work so far has been mainly substructure work, a painstaking civil engineering project to build six storeys for book storage underground without damaging St Pancras station; superstructure work is now in progress.

A decision in principle to go ahead with stage 1ab was taken in the Autumn of 1985, on the basis of an estimate of £157 million for the whole of section 1a and ultimate completion at the end of 1992. It is accepted that this estimate was wrong due to poor liaison between Arts and Libraries and the PSA, and the latest estimate at third quarter '85 prices is £207.5 million. Inadequate allowance for inflation based on old costings explains much of the difference. The new figure includes a risk contingency of 4.6% which is little enough bearing in mind the

length of time involved in the project. A report is being prepared on these cost figures and on methods of containing them. We should await the report and be satisfied that those concerned have done their best to define the work involved and the cost estimates. Having gone so far, it looks unlikely that changes to cut down the project will prove cost-effective and we expect that the Government will find itself having to carry on at least to the end of stage 1a and probably to go through to 1b and 1c for completion later in the next decade.

Arts and Libraries would also like to start design work on stages 1b and 1c in the financial year 1987/88 and will therefore be bidding for this later this year. This will need consideration when their case is prepared. This work will take us towards the turn of the century.

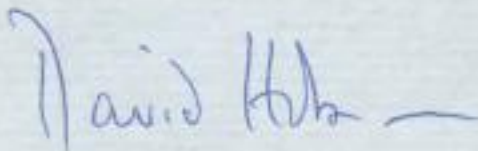
The project management at ground level seems effective but the responsibilities of Arts and Libraries, PSA and the British Library on this project need clear definition. It is understood that there was a steering committee of these parties during the 1970s when the scheme was being developed, but that this became inoperative when the work started, and there was nothing put in its place at top level. It is essential to create a proper top management structure for the project, with clear responsibility to monitor it, as the Efficiency Unit recommends, to keep control of delivery and costs and to ensure that accurate information as to performance and costs is readily available. If, in private enterprise, a sudden increase of £50 million in the cost of a

project came to light without warning, heads would undoubtedly roll at board level.

Another problem arises from having such a large project under the control of a department like Arts and Libraries with a small budget, no experience of major projects and no way of slowing other projects to deal with peaks of expenditure on a single big scheme as can MoD, DHSS, Home Office, etc. There is a danger that sensible financial constraints will lead to slowing down the rate of work below a satisfactory rate of progress, leading to a loss of interest by those concerned at ground level and avoidable inefficiency. In private enterprise, such delay would add compound interest to the cost of the project and it would therefore be unacceptable.

We recommend:

1. Awaiting the further submission on Stage lab. Probably it should be proceeded with in order to minimise total cost.
2. Before authorising any further development, insist on Richard Luce setting out clearly the management responsibilities and reporting procedure for the project.



DAVID HOBSON

NGBN
MR NORGROVE

15 October 1986

BRITISH LIBRARY INFLATION INDEX

With regard to your query this morning the Quantity Surveyor on the project tells me that:

- a. Normally they use a PSA quality surveyors' index of consumer prices, accepted nationally within PSA and published for use in the building industry. This is produced quarterly. They also may use another change in location index produced by the PSA.
- b. This system works reasonably well if you go out to tender as one step.
- c. In the British Library there are many tenders at different times and design has been proceeding after the start of construction. They have therefore had a special index constructed by Davis Belfield and Everest (quantity surveyors) as to changes in firms for different classes of work, according to the experience of contracts in Central London. They can then apply this index to each tender as it comes in during the course of the contract and they regard it as providing a better control of costs for, say, a brickwork tender, then a general index would give.

David Hobson

DAVID HOBSON



~~CEBS~~

NBPA at present

MR NORGROVE

OAL

You sent us a copy of John Fuller's note about the British Library project.

The Efficiency Unit principles he refers to are those which Sir Robin recommended in his report on Capital Expenditure Contracts. They are briefly that a major contract should have a clearly defined customer, the customer should appoint a competent and experienced project manager to oversee it, there should be a set and agreed specification at the approval stage and clear monitoring.

The British Library project does not appear to have any of these elements in it. I am not convinced that setting up a Steering Committee will do anything to improve the situation. What is needed is the appointment of a properly qualified project manager with clear responsibility for ensuring that the British Library contracts are delivered to time and to cost. The point of project management and efficient monitoring is not to handle cost and time overruns but to stop them happening.

KATE JENKINS
8 October 1986

British Library: AHTS ✓

AMENIT IRL

Aug '79



The following have been referred to the Library...

The following have been referred to the Library...

The following have been referred to the Library...

The following have been referred to the Library...

REV. JAMES
7, GARDINER STREET



OFFICE OF ARTS AND LIBRARIES

Great George Street
London SW1P 3AL
Telephone 01-233 8610

CCBQ ✓
B/F 9/10-16
PJ COMMENTS
A.S.A.P
For DRN.

From the Minister for the Arts

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON SW1

2 October 1986

Dear David,

BRITISH LIBRARY: ST PANCRAS

Thank you for your letter of 24 September.

- .. I attach the report which the Prime Minister has asked for on the six points in your letter. It has been prepared by the Property Services Agency, which is responsible for managing the project. The Minister notes that the greater part of the increase in cost since the inception of the project is due to the rate of inflation. He welcomes the action that is being taken to improve the managerial arrangements for the future and intends to keep in touch with the Efficiency Unit about how the principles they have proposed can best be applied to this project.

As client, the Minister and his staff in consultation with the British Library are responsible for weighing the need for the new building against the resources it consumes and for monitoring progress and cost accordingly. From this point of view Mr Luce has commented that he attaches particular importance to the proposal for providing up-to-date and reliable information about both present costs and estimates of future costs. He has given instructions that the new arrangements should give the highest priority to this aspect.

The review of the project now in progress is being done in stages:

- a. A report on the options for countering the increased costs of Stage 1A will be submitted to Ministers on 10 October;
- b. A further report on the options for Stages 1B and 1C will be produced by the end of the year;

c. The Steering Committee referred to in paragraph 6.2 of the enclosed report will meet next month to review and if necessary refine the improvements which are being introduced in the management of the project.

We will let you see the report on a. as soon as it is ready.

Copies of this letter and enclosure go to the recipients of yours and to Kate Jenkins in the Efficiency Unit.

Yours ever,

John Fuller

JOHN FULLER
Assistant Private Secretary

BRITISH LIBRARY: ST PANCRAS

ANSWERS TO THE PRIME MINISTER'S QUESTIONS OF 24 SEPTEMBER

Note by the Property Services Agency

1. HISTORY OF THE ESTIMATED COST OF STAGE 1A

1.1 The letter of 22 September from Mr Luce's office drew the attention of the Prime Minister to an increase of £50M in the estimated costs of Stage 1A of the British Library, St Pancras project to £207M. This broadly represents the difference between the estimate of £157M given in the Minister for the Arts Report in June 1985 to the Chief Secretary to the Treasury - recommending approval to the construction of the second half of the Stage 1A (ie Stage 1AB) - and the latest available estimate at third quarter 1985 (3Q85) prices of £207.5M.

1.2 The first part of Stage 1A - Stage 1AA - was approved by the Government in 1980 and the estimated cost announced by the Minister for the Arts at 3Q79 prices. The estimate at that price level for the whole of Stage 1A was £115.8M, inclusive of resource costs (ie design and supervision of construction). If that project estimate had risen only in line with the GDP deflator from 1979 to 1985, it would have increased from £116M to approximately £189M. The greater part of the increase is therefore due to rises in prices rather than in estimates of the material or work required.

1.3 The project estimates were reviewed and updated regularly between 1979 and 1984. By 1984 the cost had risen to £150.7M at 3Q83 prices. There was not however a further full review of estimated costs before the decision to construct Stage 1AB was taken in the autumn of 1985. Instead, the decision was taken on the basis of 1983 costs uplifted by the general PES inflation factor.

1.4 There is no doubt with hindsight that this was the major weakness. In the run-up to the decision, a lot of additional work was commissioned by the OAL and the Treasury in order to consider and cost alternative options; and the available staff effort was devoted to this work, and to maintaining momentum on the construction of Stage 1AA. After the decision had been taken and before the announcement was made, the PSA informed the OAL and Treasury of a tentative upward revision of about £5M, but were not at that time in a position to give a reliable revised estimate. In the event the OAL agreed with the Treasury to make the announcement on the basis of existing figures.

2. THE REASONS FOR THE INCREASES

2.1 To explain fully the current estimate of £207.5M it is more appropriate to compare it with the 3Q83 figure of £150.7M, than to use the 1985 figure of £157M. The resulting increase is £56.8M.

2.2 There are several reasons why the increase has occurred. These are set out in this table and explained in the following paragraphs.

	£M
A: Inflation	31.6
B: Changes to VAT Regulations	5.9
C: Other unforeseen changes	3.9
i. Changes to Codes of Practice	0.9
ii. Revised Estimates for supplies	1.5
iii. Development of Mechanical Book Handling system	0.8
iv. Provisional sum to facilitate the phased occupation of the premises	0.7
D. Design Developments:	3.7
i. Detailed revisions already identified in the development of designs	1.7
ii. Increases already identified in cost of component parts	1.1
iii. Additional requirement	0.9
E. Resource Costs	2.1
F: Risk Contingency	9.6
TOTAL INCREASE	56.8

2.3 To take each of these increases in turn:-

A: Inflation

The largest element is attributable to inflation. The £31.6M has been calculated from an index prepared specifically for the project to provide more secure estimates which are more finely tuned. This has been possible because the project has now progressed sufficiently for a range of types of work to have been tendered and the resulting prices have enabled the inflation factor to be recalculated to reflect, more accurately than the earlier general price indices, the price rates a project of this size and complexity in Central London would attract. There is now greater certainty over the figures and it is possible to calculate other items more securely.

B: Value Added Tax

The VAT regulation changes have resulted in £1.9M being charged on the Management contract, £0.1M on direct contracts and, more significantly, £3.9M on supplies items (mainly racking) as a consequence of the 1984 Budget changes on fitted furniture.

C: Other Unforeseen Changes:

i. Changes to Codes of Practice - include those governing electrical installations, metal ductwork, lightning protection and improvements to fire alarm systems.

ii. Revised estimate for Supplies - a more realistic appraisal of a still tentative costing as a full schedule of supplies items has not yet been produced.

iii. Development of the Mechanical Book Handling System - the requirement to deliver a book to a reader within a specified time while taking account of the fragility of many items is being met by a purpose-built mechanical book handling system. The uniqueness of the system made it difficult to provide an accurate initial estimate.

iv. Provisional sum to facilitate the phased occupation of the premises - during the phased occupation of the premises there will be a need for additional labour and materials; for temporary protection in many areas; and for extra security.

D: Design Developments

i. Detail design revisions already identified - when sketch designs are developed into working drawings the detail which emerges sometimes highlights aspects not previously recognised, and not therefore included in the earlier estimates. This is not unusual in a major project of this kind where staged design and construction are clearly essential.

ii. Increases are already identified in cost of component parts - these increases relate to the final selection of the facing bricks and the windows both of which were more expensive than had been allowed for in earlier estimates.

iii. Additional requirements - some additional office space has been accommodated within the building; solar shading which will improve the environmental conditions for the stock and energy performance has been added.

E: Resource Costs

A major element of the design costs is a function of the cost of construction. Additional design effort clearly produces a further requirement for fees.

F: Risk Contingency

Originally, the traditional 2% was allowed but this review of the project and the finer tuning now possible on the costings make it prudent to increase the figure. The sum is significant in cash terms but is still quite small in percentage terms - 4.6%. A project of such

size and complexity with a lengthy staged construction inevitably involves greater risks and the earlier allowances were clearly inadequate.

3. FORM OF CONTRACT

3.1 The St Pancras project is intended to rehouse the stock and the reader services of the British Library in a new building which will arrest environmental damage to the books and restore the unity and efficiency of fragmented facilities. The specialised requirements include air conditioning. The total construction plan has been divided into Stages 1A, 1B and 1C and ... Stages 2 and 3 (see diagram attached). Stage 1A is of itself an exceptionally large and complex construction task. It will provide 80,000 square metres, a significant amount of which comprises 5 levels of underground basements to house 180 miles of shelving.

3.2 The project is being handled as a management contract. The work is divided into separate contract packages of manageable size organised through an agent appointed by PSA - Laing Management Contracting Limited in the case of the British Library. It is a practice widely used for large-scale construction projects eg Lloyds in the City, Terminal 4 at Heathrow and the new ICI Headquarters.

3.3 The prime advantage and objective of such an arrangement is to schedule packages of work in the most efficient manner possible to achieve a given completion date. The Management Contractor has a responsibility for the cost in relation to the work content of the individual packages and also monitors and controls closely the timing and programming of the works.

3.4 This form of contract makes possible flexibility in the construction programme and the management contractor can be responsive to changes by re-timing and re-packaging the work.

4. MANAGEMENT OF THE PROJECT

4.1 The Directorate of Civil Accommodation of the Property Services Agency are responsible for the overall management of the project. They are assisted, as stated, by Laing Management Contracting Limited and by a resident Superintending Officer, who co-ordinates the design information. The Superintending Officer is a Partner of the Consultant Architects - Colin St John Wilson and Partners Limited (Colin St John Wilson is Professor of Architecture at Cambridge University) - and leads a team of well-known and established Consultants which includes Davis Belfield and Everest (Quantity Surveyors), and Ove Arup (Civil and Structural Engineers).

4.2 Both the management contractor and the consultants are appointed by and answerable to PSA, who is managing the project on behalf of OAL, the client.

4.3 PSA is well pleased with the performance of the Management Contractor who has so far lived up to his reputation. The work is proceeding on programme.

5. WHAT MANAGEMENT WEAKNESSES HAVE BEEN IDENTIFIED

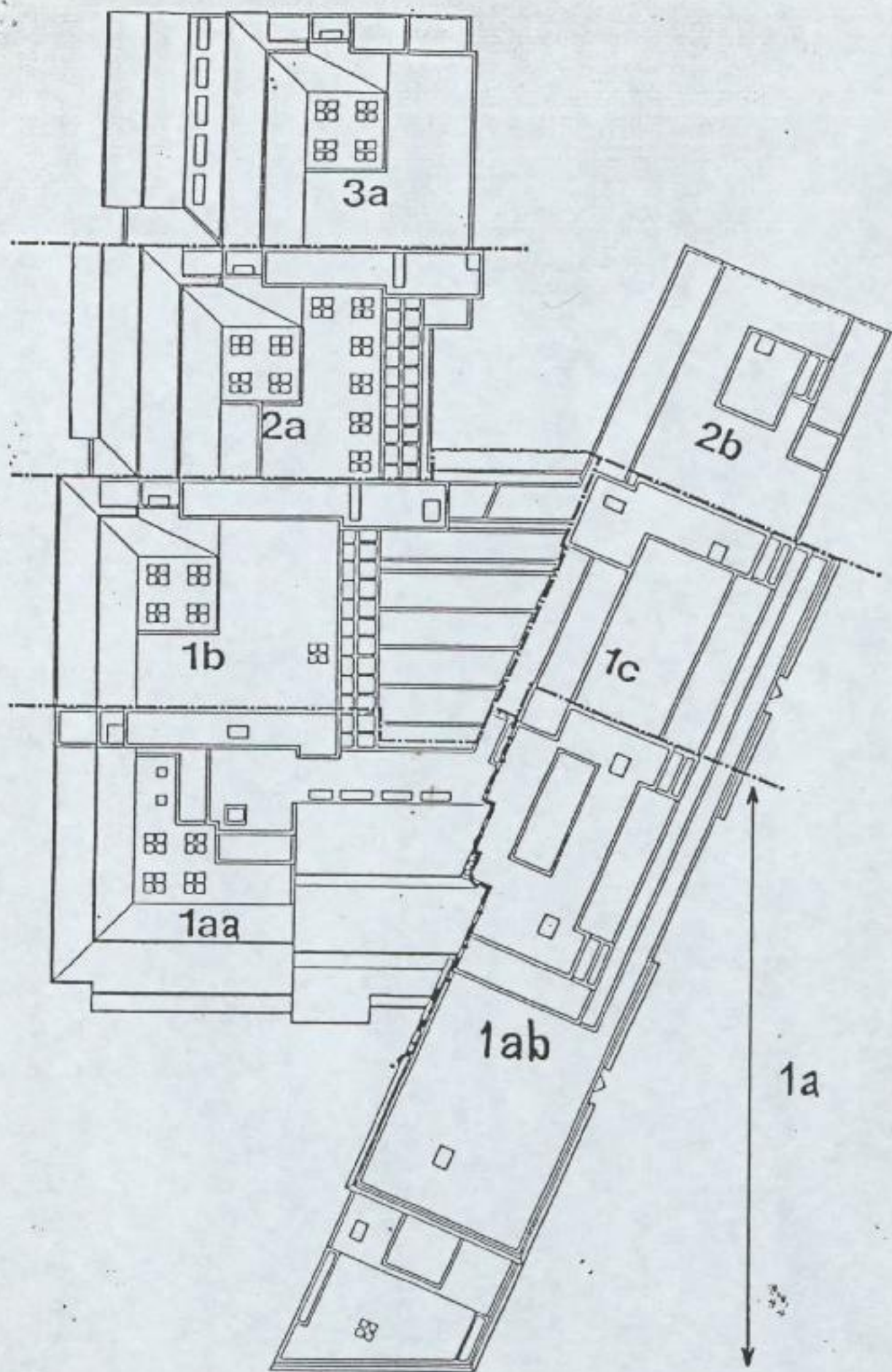
5.1 The main weaknesses lie in the treatment of contingencies over the lifetime of a long project and in the arrangements for producing updated estimates of cost and for monitoring the effect of changes, however these arise. The weaknesses have been highlighted by the duration and complexity of the project, the problems arising from the subdivision of Stage 1A, and the demands of the client department for additional work on a variety of alternative plans. It is clear that improved arrangements are needed.

6. WHAT ARE THE IMPROVED ARRANGEMENTS FOR FUTURE MANAGEMENT OF THE PROJECT

6.1 The PSA team has recently been strengthened by staff with experience in successful management of large projects under management contract conditions. The strengthened team will remain.

6.2 The arrangements for the future management of the project, including the division of responsibilities and powers to take decisions and the flow of information, are under review. The PSA will be reporting to a Steering Committee comprising senior PSA staff, the OAL, the Treasury and the British Library. This Committee will receive monthly financial and progress reports. It will also consider and introduce arrangements for taking a wider strategic look at the way ahead as well as for ensuring the validity and reliability of cost estimates and monitoring progress.

PSA
2 October 1986



PHASING DIAGRAM

ARTS + AMERICAN
LIBRARY

V179



PRIME MINISTER

BRITISH LIBRARY

8/31
You will remember that you have commissioned a report from Mr. Luce on the cost and management of the new British Library, for which the cost of stage 1A has risen from £157 million to £207 million. I asked for this report by close of business tomorrow (Thursday). A report on future options has also been commissioned.

DNG

mb

(DAVID NORGROVE)

1 October 1986



10 DOWNING STREET
LONDON SW1A 2AA

file L06
ASI

see Prof Griffiths

From the Private Secretary

24 September 1986

BRITISH LIBRARY: ST PANCRAS

I have shown the Prime Minister your letter to me of 22 September about the British Library.

The Prime Minister has commented that this is bidding to join the Conference Centre and NIMROD in the league of disasters. She has asked that the review you mention should be carried out with the greatest urgency. She will wish to see it when it is finished.

In the meanwhile, the Prime Minister has asked for a detailed report on:

- (i) the history of the estimated costs of this project;
- (ii) the reasons given for the increases;
- (iii) the form of the contracts under which the Library is being constructed;
- (iv) who is responsible for the management of the project;
- (v) what management weaknesses have been identified;
- (vi) what the improved arrangements are for the future management of the project.

BF

Could I have this report please by close of business on 2 October.

I am copying this letter to Jill Rutter (Chief Secretary's Office, H.M. Treasury) and Neil Mitchell (PUSS's Office, Department of the Environment).

DAVID NORGROVE

John Fuller, Esq.,
Office of Arts and Libraries.

vlo

PRIME MINISTER

BRITISH LIBRARY: ST. PANCRAS

The estimated cost of this project has now risen from £157 million to £207 million. It looks set fair to join the Pantheon in British disasters which runs from the East African ground-nut scheme to the Conference Centre and NIMROD.

The Chief Secretary and Mr. Luce have agreed to commission a review on the scope for reducing the present plans for the new building or of spreading the expenditure over a longer period. The letter below also says that improved arrangements are to be introduced for the future management of the project.

I suggest you ask that the report should be produced with the greatest urgency, that you want also to know the history of the estimated costs of this project, when they have increased and why, what management weaknesses have been identified and what the improved arrangements are - in detail. This information to be provided in advance of the report on the review of the plans for the new building.

It is in any case quite astonishing to be proposing to spend over £200 million on what is Stage 1A twice on a library, however important.

Julie Bowers

Duty Clerk

PP (DAVID NORGROVE)

23 September 1986

VC4AKA

Agreed

- more than
the proposed

Davidson Bondy!
ml



OFFICE OF ARTS AND LIBRARIES

Great George Street
London SW1P 3AL
Telephone 01-233 8610

From the Minister for the Arts

D R Norgrove Esq
10 Downing Street
LONDON SW1

*pp please
attached*

22 September 1986

Dear David -

BRITISH LIBRARY: ST PANCRAS

The Prime Minister has taken an interest in the new British Library building at St Pancras.

The Minister for the Arts thinks that the Prime Minister should be aware that the estimated cost of Stage 1A of the project, which is now under construction, has risen from £157m to £207m, an increase of £50m. While some increase is to be expected in the cost of a very large project with a long planning and construction period, an increase of this size is clearly worrying both in absolute terms and for its possible implications for Mr Luce's relatively small arts budget.

The Minister has agreed with the Chief Secretary that there should be a further examination of the scope for reducing the present plans for the new building or of spreading the expenditure over a longer period before decisions are taken on the provision to be made in the Public Expenditure Survey. Officials will report as soon as possible. Improved arrangements are also to be introduced for the future management of the project.

I am sending copies of this letter to Jill Rutter (Treasury) and Neill Mitchell (Department of the Environment).

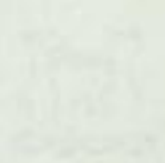
*Yours ever
John Fuller*

JOHN FULLER
Assistant Private Secretary

Arts & Amenities: Future of British Library August 1979



COPIES





CF?
OFFICE OF ARTS AND LIBRARIES
Great George Street
London SW1P 3AL
Telephone 01-233 8610

From the Minister for the Arts

Mark Addison Esq
Private Secretary
10 Downing Street

|| Bf on 2/9 - after Medaji
day meeting. MGA 29/8

28 August 1986

Dear Ratz,

PRIME MINISTER'S RECEPTION FOR THE ARTS WORLD

I mentioned in my letter of 21 August about BSIS certificates that I would be writing to you shortly about the idea which the Prime Minister and my Minister discussed in January of a reception at Downing Street for people from the arts world (recorded in your letter to me of 30 January).

The prime purpose of such a reception would be to demonstrate the Government's interest in, and recognition of, current achievements over the whole cultural field. The case for such a demonstration has strengthened since January as a result of a growing tendency in the arts world, fostered by the Opposition, to label the Government as 'philistine'.

Following our discussions some time ago I have looked into the possibility of identifying an arts event(s) in the New Year to which such a reception could be linked, but have not been able to identify anything which has a sufficiently general character. I do not think the absence of such a link matters: most arts events or festivals tend to be oriented towards particular art forms, whereas the essence of this reception would be to demonstrate the breadth of Britain's artistic life by inviting people from all sections of the arts: music (classical to popular), dance, opera, theatre, literature, film, painting, sculpture and so on. We envisage that the emphasis would be on inviting colourful artists rather than administrators and my Minister also sees it - as I indicated in my recent letter - as a useful opportunity for the Government to thank and encourage prominent patrons and business sponsors of the arts, by inviting them too. It might also be worth arranging some form of live entertainment.

If the Prime Minister is still sympathetic to the idea of such a reception, my Minister would be grateful if she would set aside at her next diary meeting a suitable date early in the New Year. The Office of Arts and Libraries will then draw up a suitable guest list and liaise with you on the other practical arrangements.

Yours

Paul

PAUL THOMAS
Private Secretary

CONQUEROR

ARTS + ARCHIVES

Part of

BLM

8/79



COMPLETION

11

File No.

PRIME MINISTER

When you met Mr. Luce yesterday, he agreed to see, with Lord Quinton, Lord Thomas and others who share the latter's doubts about the Government's plans for the future of the Round Reading room. Lord Thomas has yet to receive a reply to his letter. Mr. Luce's Office would prefer that you wrote along the lines originally proposed, indicating your support for Mr. Luce's view, but offering a meeting with Lord Quinton (and, now, Mr. Luce), at the end. The alternative is to send a shorter letter, saying that you understand Lord Thomas's strength of feeling, but, equally, you are aware that Mr. Luce remains firmly convinced that there can be no going back on the project now.

It depends how strongly you feel about the Round Reading Room. The danger of opting for the shorter letter is that it may encourage Lord Thomas to come back to you after he has seen Mr. Luce. It also rather obviously distances you from the position Mr. Luce feels is the only tenable one.

Mark Addison

MARK ADDISON

31 January 1986

SUBJECT

cc Master.



file

EL

10 DOWNING STREET

From the Private Secretary

30 January 1986

Beer Paul

The Prime Minister held a meeting with the Minister of State this afternoon. A number of matters were discussed.

On the arts, Mr. Luce believed that since he had taken on responsibility for this area, the most immediate and pressing question had been abolition. He thought the problem generally had been satisfactorily contained. Expectations about provision for the arts were however now increasing, and the general tendency was to look to the State to meet them. Mr. Luce believed that a relatively modest step, to increase the tax incentives for charitable giving, could have a major beneficial effect in increasing private sector support. He referred to the Home Secretary's letter to the Chancellor, covering a report by Sir Adam Ridley. Proposals along those lines might, he thought, reduce tax revenues by some £80 million, but could lead to charities receiving an extra £200 million. That could significantly change the climate. The Prime Minister noted Mr. Luce's view.

On the Round Reading Room at the British Museum, the Prime Minister expressed her concern that the proposal to give up this room would continue to cause a good deal of public disquiet. Mr. Luce said he understood the concerns, but believed that the progress already made to improve storage facilities at St. Pancras meant that it would make no sense now to retain the Round Reading Room for its present purposes in the British Museum building. Furthermore the British Museum had its own plans for the room. The Prime Minister said that the arguments for giving up the Reading Room needed to be got over more effectively. Mr. Luce agreed that he and Lord Quinton should meet Lord Thomas, who had written to the Prime Minister on the matter, together with others who had expressed concern, to put the case for change clearly.

Mr. Luce sought the Prime Minister's view on the possibility of holding a major cultural event involving European Heads of Government when they met in the UK during the UK Presidency later this year. The Prime Minister noted that the normal practice would be for a dinner to be arranged for visiting Heads of Government at No.10, and also for The Queen to invite them to the Palace for lunch. She thought these arrangements would be sufficient.

SRW

Mr. Luce asked whether the Prime Minister would be willing at some stage to hold a dinner or reception for the arts world generally. He thought this could have a major impact. It might be sensible to see if such a reception could be arranged to coincide with a cultural event or festival. The Prime Minister noted that her programme of receptions was already a full one, but she agreed to consider Mr. Luce's suggestion when she took stock of her forward diary, and after our offices had discussed the possibility of linking this with some other arts event.

On the Civil Service, Mr. Luce said he thought it would be helpful if the Prime Minister could find an appropriate opportunity to say a few words of encouragement in a forthcoming speech. The Prime Minister said she would continue to bear this possibility in mind, though the timing would have to be considered carefully.

Z r

Mark Addison

(Mark Addison)

PRIME MINISTER

MINISTER FOR THE ARTS

You are meeting Richard Luce tomorrow at his request.

Mr. Luce would like to have a general discussion with you about matters of current interest in his area of responsibility. There are, however, three particular points he will be raising.

First, the future of the Round Reading Room of the British Museum. You were unhappy with the draft reply to Lord Thomas's letter. (Lord Thomas's letter, the reply and an OAL brief on the matter are attached at Flag A).

Second, Mr. Luce will wish to have a word about tax incentives to encourage charitable giving. Sir Adam Ridley drew up a paper which the Home Secretary forwarded to the Chancellor. The paper proposed:

- i) the introduction of corporation tax relief for single gifts (replacing the little used facility for companies to give by covenant);
- ii) the introduction of a modest incentive for single gifts by individuals, while retaining the present covenant system for them;
- iii) the encouragement of payroll giving or other forms of regular computerized transfers for charitable giving.

Sir Adam's paper also suggested a two tier system of charities to distinguish between the deserving and the undeserving. The Home Secretary counselled caution about this particular proposal. The general thrust of the Home Secretary's approach has been supported by the Secretary of the State for the Environment, the Secretary of State for Social Services, and of course Mr. Luce. The Treasury have said they will

consider the proposals carefully in the run-up to the Budget. I attach, at Flag B, a copy of Sir Adam's paper, the Home Secretary's covering letter and Mr. Luce's letter to the Chancellor in support.

Third, Mr. Luce will want to have a word with you about Civil Service matters. He is keen that you should take an opportunity, in a speech, to give the Civil Service a boost. But this will of course best be left until normal service has resumed.

ME/A

Mark Addison
29 January 1986

BM2ACT



10 DOWNING STREET

From the Principal Private Secretary

20 January 1986

Wick
23
✓
JK
Perhaps you should
keep these papers in
view of the pending meeting?

J/20/1

THE ROUND READING ROOM OF THE BRITISH MUSEUM

I have shown the Prime Minister the draft of the letter which has been prepared for reply to Lord Thomas' letter of 20 December.

bf1
She is not satisfied with the line taken and would like to talk with your Minister about this letter. I suggest, therefore, that it is put on the agenda for your Minister's meeting with the Prime Minister on 30 January.

Your Minister will want to know that the Prime Minister has commented on Lord Thomas' letter that the Round Reading Room is part of our history and there will be more and more representations about it.

N L WICKS

Paul Thomas, Esq.,
Office of the Minister for the Arts

Enc.



10 DOWNING STREET

From the Principal Private Secretary

20 January 1986

I am sorry the Prime Minister has not yet sent you a reply to your letter of 20 December about the Round Reading Room of the British Museum. But I am sure you will understand this and I hope that the reply will be sent to you before too long.

N L WICKS

The Lord Thomas of Swynnerton

BM

MR. ADDISON

Als. ~~17/1~~ 20/1

Met 17/1

GR

Mr. Luce's office rang asking for an appointment next week. I said no way. But I did fit him in on Thursday 30 January at 1730. Is this too soon?

CR

CAROLINE RYDER
17 January 1986



10 DOWNING STREET

THE PRIME MINISTER

Dear Hugh,

I think we shall have
to talk about this. The
Round Reading room in Park
has some history and
there will be more
more representations
about it.
me

Thank you for your letter of 20 December expressing your concern about the new building for the British Library at St. Pancras, and pressing your case for retaining, for the Library's readers, the Round Reading Room in the British Museum building.

I do know of all the concern for the future of the Round Reading Room, and this was added reason why we took particular care before authorising the first stage of new building in 1980. A further thorough review was carried out last year before the second stage was announced in December.

This work confirmed the project's two aims: to provide a better service to readers by bringing the books, the staff and the readers together on one site; and to do so in modern environmental conditions which are favourable to the conservation of the stock. It would have been best if this could have been by expanding activities on the existing site. This is what the other great libraries that you mention have done. But this did not prove possible in the case of the British Library. The next best solution is, in our view, to concentrate as much as possible on the new site.

The Round Reading Room develops strong loyalties amongst its users, and I well understand the opposition to the move to St. Pancras. But it would not make sense, when one of the main aims of the new building is to improve book conservation, to move books from air-conditioned storage to the uncontrolled environment of Bloomsbury, since the prime requirement is stable conditions. I understand that, from the outset, more than half the books to be read at Bloomsbury would have to be transported from St. Pancras, and that this proportion would increase as the collections grew.

Your suggestion for a tunnel between the two sites, to carry books between their storage and the readers, is an imaginative one, but its cost would, I am advised, be much greater than you suggest. More importantly, it would defeat the main aims of the project if books continued to be shuttled by vehicle between the stacks and the readers.

There is another important factor, in addition to the requirements of the Library, - the British Museum's need for space. It has been necessary, since its foundation, to provide more accommodation from time to time, and there is no scope for further expansion at Bloomsbury. The Library's move to St. Pancras will give the Museum the opportunity to make better use of the existing building without detracting from the fine rooms now used by the Library. The Trustees' final plans for the Round Reading Room will not be finalised for some years, but they have declared their intention to preserve its character and atmosphere and to retain it as the main study area of the Museum. The Museum has a substantial book stock of its own: it is estimated that, by the year 2000, its specialist and other collections will amount to as much as did the Department of Printed Books when the Reading Room opened in 1857. I can assure you that it will be used by scholars and their books for the foreseeable future.

/

I realise that you will find this a disappointing reply, but I hope you will accept that the decisions taken so far have not been taken lightly. A decision has not yet been taken on the construction of the reading rooms which will lead to the Library's giving up the Round Reading Room at St. Pancras in the early years of the next century. But that decision will have to be taken before too long.

~~I know that Tony Quinton will be happy to talk the matter through with you.~~

I know that Richard Lane and Tony Quinton will be very happy to talk the matter through with you and some other who share your views, and Richard's office will be getting in touch with you to arrange a meeting.

The Lord Thomas of Swynnerton

Lof
AAO



10 DOWNING STREET

From the Principal Private Secretary

15 January, 1986.

Thank you for your letter of 9 January enclosing a draft letter for the Prime Minister to send to Lord Thomas of Swynnerton. I have changed your draft a little, though not I think in substance, and before submitting it to the Prime Minister, I should be glad to know whether it is still appropriate. Please therefore could one of your people glance through it to make sure that it is still correct. Could they particularly check the penultimate paragraph.

(N.L. Wicks)

Paul Thomas, Esq.,
Office of Arts and Libraries.

14 January 1986

MR WICKS

The British Library project is a scandal of mismanaged public sector investment; the transfer of readers from the only really good reading room in the country to some ghastly air-conditioned hovel is the least of the disasters.

For what it is worth, I do not agree with any of the statements made in the draft letter, except the assertion that Hugh Thomas' tunnel will be more expensive than he thinks. But, as you tactfully hint, this wretched project is now so far advanced that a rescue of the Reading Room seems impossible.

Given that, the letter is as good as you will get.

Ol Letwin

OLIVER LETWIN



Cabinet Office

MANAGEMENT AND PERSONNEL OFFICE

*The Minister of State
Privy Council Office*

The Rt Hon Richard Luce MP

Great George Street
London SW1P 3AL
Telephone 01-233 8610

Mark Addison Esq
Private Secretary
10 Downing Street

10 January 1986

Dear Mark,

Further to our telephone conversation this morning I was glad to learn that it has been possible to arrange for my Minister to see the Prime Minister for about 30 minutes at 4 pm on Monday 13 January. This is to confirm that Mr Luce's purpose is to raise with the Prime Minister a few general Civil Service and Arts issues. No prior briefing is necessary.

*Yours
Paul Thomas*

PAUL THOMAS
Private Secretary

PROFESSOR GRIFFITHS

B9

13/1/86

I wonder whether one of your people could cast their eye over the draft reply below furnished by the Office of Arts and Libraries to a letter which Lord Thomas has sent the Prime Minister about the future of the Round Reading Room at the British Library.

Having used that room many years ago, I have some instinctive sympathy for Lord Thomas' plea. But the Department does seem to put up a good defence for what is proposed.

It clearly would be extremely difficult to go down another route at this stage, and this does not look justified.

N.L.W.

NLW

10 January, 1986.



GR'S. *MT*
OFFICE OF ARTS AND LIBRARIES
Great George Street
London SW1P 3AL
Telephone 01-233 8610

From the Minister for the Arts

Nigel Wicks Esq
Principal Private Secretary
10 Downing Street

9 January 1986

Dear Nigel

Further to your letter of 30 December I
... attach a brief on, and a draft reply to, Lord
Thomas's letter of 20 December to the Prime
Minister. Please let me know if the Prime
Minister requires any additional briefing.

*Yours ever,
Paul Thomas*

PAUL THOMAS
Private Secretary

THE BRITISH LIBRARY - THE ST PANCRAS BUILDING AND THE ROUND READING ROOM

Background

1. The decision to site the new British Library building at St Pancras, rather than adjacent to the British Museum building in Bloomsbury, was taken in 1975. Lord Thomas has been a critic of the brief and design for the new building since at least 1978; he has pressed his case in letters to "The Times", in correspondence and meetings with Ministers, and most publicly through a publication (June 1983) for the Centre for Policy Studies. The prime reason for his opposition is his belief that the Round Reading Room in the British Museum building should continue to be used as at present, and should not be handed over to the Museum when the Library's new building is ready.

Current state of the project

2. The new building is being constructed in stages. The first (1AA) was authorised in 1980 and will be completed in 1991 at an estimated cost of £96m (current prices). The second (1AB) has just been announced, and has triggered Lord Thomas's letter. It will be completed in 1993 at an estimated cost of £61m. These two stages will provide modern air-conditioned storage for most of the stock, a new Science Reference Library and some reading rooms and exhibition space for the humanities and social sciences. They involve giving up the King's Library and the North Library at the British Museum. They do not yet involve giving up the Round Reading Room. That will follow from a decision to construct Stages 1B and 1C; the decision will have to be taken in about a year's time.

3. The project was thoroughly reviewed in 1984-85 before the decision was taken to go ahead with the second stage (1AB). The review strongly endorsed the aim of bringing the books, the staff and the readers together, and in a stable environment favourable to conservation. That aim cannot be achieved as long as the British Library retains the Round Reading Room, and either has to bring books there from St Pancras or to continue to store them in bad conditions at Bloomsbury, so although there is still work to be done on a final investment appraisal before Ministers are asked to take a decision on Stage 1B and 1C, it would be wrong to give Lord Thomas the impression that the future of the Round Reading Room is still an open question. Full value will not be obtained for the very large investment represented by the decisions already taken unless the readers are united with the books and staff at St Pancras. For that purpose, it will be necessary to complete Phase 1.

Lord Thomas's letter

4. Lord Thomas has attacked all aspects of the Library's case for the new building, in support of his main theme. He also implies that some of his approaches to Ministers have not been answered; we are not aware of any such lapses and in particular have no record of any approach from him since he saw the Minister for the Arts (Lord Gowrie) in December 1983. In addition to arguing for retention of the Round Reading Room, he advocates that the King's Library and the North Library should continue to be used as at present; in effect, this adds up to retaining the full British Library presence in Bloomsbury. That would make nonsense of the investment already decided upon.

5. Lord Thomas suggests the construction of a special tunnel from the St Pancras site to Bloomsbury in order to bring the books to the readers. That would be an immensely

complex project, costing far more than Lord Thomas's estimate of £3m. It would moreover fail to meet the main objectives both of conservation and of an efficient service to the readers. It has not therefore been thought worth while to spend money on investigating it further.

6. Lord Quinton, who has now taken up his post as Chairman of the British Library Board in succession to Lord Dainton, is fully convinced of the need for the new building. He is ready to talk to Lord Thomas about it.

The British Museum

7. The Museum needs more space and there is no scope for creating new accommodation in Bloomsbury. The Trustees wish to preserve the character and atmosphere of the Round Reading Room and to retain it as the main study area. The present intention is to use it as a Students' Room for the Department of Prints and Drawings and for readers of the Ethnography Library. It is worthy of note that, by the time that the Museum regains the Round Reading Room, it will have more books in its specialist and other collections than did the Library's Department of Printed Books when the Round Reading Room opened in 1857. There is no reason to doubt that the Trustees will ensure that full advantage will be taken of the facilities, without detracting from their historical associations, albeit with a different clientele.

Draft reply to Lord Thomas

8. Some users of the Library will never be reconciled to the move to St Pancras; they probably include Lord Thomas. The attached draft does not therefore attempt to answer him in detail, though it offers him a talk with Lord Quinton

for that purpose. In general it takes a fairly firm line, since it is not possible to reconcile Lord Thomas's wishes with getting good value from the St Pancras investment.

W 50.

DRAFT

Lord Thomas of Swynnerton
29 Ladbroke Grove
London
W11 3BB

Thank you for your letter of 20 December

You wrote to me on 20 December ^{*expressing*} to express your concern ^{*about the Round Reading Room*} about the new building for the British Library at St Pancras, and in ^{*particular*} particular to press your case for retaining the Round Reading Room in the British Museum building, for the Library's readers,

As I know of all the
I have been well aware of your concern and that of those ^{*for*} about the future of the Round Reading Room, and who share your views for some years. For that reason, as ^{*this was added reason why we took particular*} this was added reason why we took particular well as all the usual reasons for taking ^{*our own*} our own major ^{*to*} capital projects, my colleagues and I considered the St Pancras project with great care before authorising ^{*the*} the first stage in 1980. A further thorough review was carried out last year before the second stage was announced in December.

projects
All ^{*two*} This work has confirmed the continuing validity of the twin aims of the project: to provide a better service to readers by bringing the books, the staff and the readers together on one site; and to do so in modern environmental conditions which are favourable to the conservation of the stock. ^{*It would have been*} The best way of all ^{*if this could*} would have been if we could have achieved these aims by expanding activities on the existing site, as ^{*This is what*} did the other great libraries ^{*have done*} that you mention. ^{*But*} As you know however this did not prove

in the care of the British Library
 possible. ~~There is no doubt in our view that the next~~
~~solution in our view,~~
 best ^{L.C.} is to concentrate as much as possible on the new site.

45

The Round Reading Room develops strong loyalties amongst its users, and I well understand the opposition to the move to St Pancras. ~~However~~ ^{But} it would not make sense, when one of the main aims of the new building is to improve book conservation, to move books from air-conditioned storage to the uncontrolled environment of Bloomsbury, since the prime requirement is stable conditions. I understand that, from the outset, more than half the books to be read at Bloomsbury would have to be transported from St Pancras, and that this proportion would increase as the collections grew.

Your suggestion for a tunnel between the two sites, to carry books between their storage and the readers, is an imaginative one, but ~~I understand that it is not a practical~~ ^{its cost would, I am advised,} proposition. ~~It could be built, but at a~~ much greater cost than you suggest. More importantly, it would defeat the main aims of the project if books continued to be shuttled by vehicle between the stacks and the readers. ~~The new building is a very large investment for the future; it is essential that the nation should get full value from the resources that are being put into it.~~

There is a

Another important factor, in addition to the requirements of the Library, is the British Museum's need for ~~more~~ space. It has been necessary, since its foundation, to provide more accommodation from time to time, and there is no scope for further expansion at Bloomsbury. The Library's move to St Pancras will give the Museum the opportunity to make better use of the existing building without detracting from the ~~attributes of the~~ fine rooms now used by the Library. The Trustees' final plans for the Round Reading Room will not be finalised for some years, but they have declared their intention to preserve its character and atmosphere and to retain it as the main study area of the Museum. The Museum has a substantial book stock of its own: it is estimated that, by the year 2000, its specialist and other collections will amount to as much as did the Department of Printed Books when the Reading Room opened in 1857. I can assure you that it will be used by scholars and their books for the foreseeable future.

I realise that you will find this a disappointing reply, but I hope you will accept that the decisions taken so far have been ~~very~~ *not taken lightly* ~~carefully~~ considered. Since the building is being constructed in stages, they do not yet include the construction of the reading rooms which will lead to the Library's giving up the Round Reading Room at St Pancras in the early years of the next century. But that decision

will have to be taken before too long.

In the meantime, I know that Tony Quinton will be happy to talk the matter through with you.

Lord Thomas
of Swynnerton



9/11
089

10 DOWNING STREET

From the Principal Private Secretary

30 December 1985

I should be grateful if you would let me have a brief on, and a draft reply to, the letter attached which Lord Thomas of Swynnerton has sent the Prime Minister urging her to help the campaign to save the Round Reading Room of the British Museum. Please could you let me have this by Thursday 9 January. *see note*

N. L. Wicks

Paul Thomas, Esq.,
Office of Arts and Libraries.

DA

I will ask the Minutes for
the date for a letter and
about reply

N.L.V.

30.12.

1. MR. WICKS
2. PRIME MINISTER

The attached is from Hugh Thomas. I have
acknowledged.

CR.

(Caroline Ryder)

30 December 1985

Arked 36/12

29 Ladbroke Grove
London W11 3BB
01-727 2288

Dec 20 1985

Dear Caroline :

This is the letter of which
I spoke. I'd be so grateful
if you'd pass it on when
you can as we agreed

Happy New Year

Yours
Hugh

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

7 June 1984

British Library Building

BT
The Prime Minister was grateful for Lord Gowrie's minute of 13 May about the British Library project. She has noted the reservations which he expresses about the present plans, and would be glad to take up his suggestion of a discussion - to be attended also by the Secretary of State for the Environment - once the preliminary survey is complete.

I am sending copies of this letter to Janet Lewis-Jones (Lord President's Office), John Ballard (Department of the Environment) and John Gieve (Chief Secretary's Office).

David Barclay

Mrs. Mary Brown
Minister for the Arts' Office,

CONFIDENTIAL



Prime Minister (4)

MINISTER FOR THE ARTS

Agree to discuss with

PRIME MINISTER

Yes - in early w/for. had Gomme and Mr Jenkin, once the initial review is complete?

BRITISH LIBRARY BUILDING PROJECT AT ST PANCRAS

Sub
5/6

I mentioned to you some time ago that I was concerned about the future of this project, and you said that you would be glad to have a talk about it at a convenient time.

Since then I have taken the matter a step further in consultation with Patrick Jenkin. We have commissioned some initial and (at this stage) purely exploratory and confidential work on the problem and asked for a report back in July. I suggest that the best time for a talk, if you agree, will be when we have received that report.

I wholly support the concept of a new building at St Pancras which will provide better storage for the British Library's stock in modern conditions favourable to its conservation and improved facilities for the users of the Library. And I am in no doubt that the work which has been put in hand on the first stage - mainly the construction of basements for storage - should go ahead uninterrupted. But I am worried about the present plans for the final product, for 3 main reasons:-

- (a) The present design of the superstructure strikes me as both ugly and messy and as fitting badly with the Scott St Pancras building which is immediately next to it. I do not think that it will be any credit to the Administration which put it up. Patrick Jenkin agrees with this view.
- (b) The total cost of the new building is estimated at some £350m. It is to be erected in stages, which will provide points at which the Government can pause and take stock. Even so, I am concerned at the expenditure implications of Stage 1, in particular for my own programme over the next 10 years. There will be something very odd about our priorities if the provision of this huge new building for the Library prevents us from putting a new roof on the V and A. (The V and A is in a frightening state.)
- (c) We need to consider whether it still makes sense to concentrate so much of the Library's activity on a single site when doing so will not only cause much controversy (eg over the round Reading Room at the British Museum) but may eventually fail in its object because of the speed at which the Library's stock is increasing and is at present set to continue to increase for the indefinite future.

Decisions on the next phase of Stage 1 of the building have to be taken at the latest by the end of 1985 (earlier if there is a change in the design), and provision for the first year of that phase has to be made in the 1984 Public Expenditure Survey. This is therefore a crucial year. I think that we have to consider now whether to go ahead on the present basis, or to revise the plans so as to produce a better-designed or modified and rather less ambitious building at the end of the day.

The latter would call for a major review, which would evidently be a matter of controversy. So before we decide whether to recommend that, Patrick Jenkin and I have called for a preliminary survey of the issue, to be conducted in strict confidence by the PSA, the OAL, the consulting architect and the British Library. I have spoken to the architect (Professor Wilson) and Fred Dainton, who are both prepared to collaborate in this survey. I propose therefore that Patrick and I should report back to you when we have the result.

I am sending copies of this minute to Patrick Jenkin and to Willie Whitelaw and Peter Rees, who are also aware of our concern about the project.

G.G.
LORD GOWRIE

30 May 1984

ARTS + AMENITIES : future of British Library

Aug. 79.

Conclusion



10 DOWNING STREET

6
for
better Redwood

From the Private Secretary

28 February 1984

I understand that Lord Gowrie had a brief word with the Prime Minister the other day about the British Library, and that the Prime Minister agreed that she would like a short meeting with him and with Mr. Redwood of the No.10 Policy Unit to discuss it further. I spoke to Paul Cann about this this morning. He explained that Lord Gowrie would like to consult the Secretary of State for the Environment before the meeting took place. We left it that you would contact us when you were ready for the meeting to go ahead.

David Barclay

Mrs. Mary Brown
Minister for the Arts' Office.

DB



Arts & Amenities 289

10 DOWNING STREET

From the Private Secretary

6 January 1981

The Prime Minister has seen the Secretary of State for the Environment's minute of 2 January about the British Library's new headquarters at Novello House.

She has noted his conclusion that the expenses on Novello House were not unreasonable, and that the expenditure was not mismanaged when compared with commercial practice in central London. She nevertheless feels that there is no case for providing that amount of office and storage space in central London for the British Library headquarters, and that the space so provided is of an unnecessarily high standard. She has commented that she would not allow refurbishment at this kind of cost in No. 10, and would therefore hope that PSA and DOE would not allow it in other premises occupied at Government expense.

I am sending a copy of this letter to Mary Giles (Office of Arts and Libraries).

M. A. PATTISON

David Edmonds, Esq.,
Department of the Environment.

B.

① I don't believe
you need that amount
of office and storage
space in central London

② Not in that standard -

③ We can't afford to do this
Anonymously PSA

Prime Minister

Do not
not



Prime Minister

Mr Heseltine's report on
the Novello House expenses.
He concludes that they
were not unreasonable, and
not mismanaged. This does
not, of course, take care of the
P.R. point.

We discussed the British Library Building that you visited
recently where the PSA had carried out work.

In view of your concern I have taken care to establish exactly
what happened and who authorised it.

The lease was negotiated on the following basis. The building,
which comprises 24,500 sq ft of offices and 37,500 sq ft of storage,
was taken from November 1979, with rent reviews at 5 yearly intervals,
until 2004, with a lessee only break in 1999. The initial rent was
£300,000 which equates to about £7.70 per sq ft for offices and
£3.00 per sq ft for storage.

You will agree that that is a perfectly viable indeed attrac-
tive lease for office premises in Central London.

The high quality of finish was carried out by the property
developers and had nothing to do with my Department. No premium
was paid.

The Library asked for a rough estimate for early works which
they required. They were told £100,000 for several items related
to safeguarding the efficient working of the heating system and
health and safety measures. Later the Library added to their
specification £190,000 worth of work including partitioning for

MR
5/1.



their offices and operational rooms linked with their work. By then the £100,000 had become £110,000 by dint of inflation. This was approved by officials of OAL, PSA and the Treasury as well as Norman St John Stevas and Geoffrey Finsberg personally.

This final list of work was carried out to time and to the quoted price by my Department.

Whether it was necessary to spend £300,000 on changes was obviously a matter for ministerial judgement. I can only say that in my admittedly limited experience of moving offices, costs of this sort by an ingoing tenant in the private sector would be commonplace.

I hope this sets the standards which attracted your attention in their proper context.

Dtws

For M.H
2nd January 1981

(Minute signed by the Secy of State
and signed in his absence)



cc Press

JS

Atto & An

10 DOWNING STREET

From the Private Secretary

26 November 1980

Since I wrote to you on Monday about an announcement on the British Library's new building, the Prime Minister has seen the exchanges about the timing of an announcement.

As I told you and Terry Mathews on the 'phone yesterday, the Prime Minister would like this announcement to be made in a written answer on Friday morning. She will then be able to refer to the decision when she attends a private ceremony at the British Library on Friday. She will emphasise that the revised scheme is much more modest in terms of public expenditure in the early stages, whilst ensuring that the British Library benefits from habitable accommodation early in the process.

I am sending copies of this letter to Terry Mathews (Chief Secretary's Office) and Jeff Jacobs (Department of the Environment)

M. A. PATTISON

Miss Mary Giles,
Office of the Minister for the Arts.

HLB



4706
CSO

LPS

Arts & Am

10 DOWNING STREET

From the Private Secretary

24 November 1980

The Prime Minister has seen the Chancellor of the Duchy's letter of 19 November to the Chief Secretary, about an announcement on the British Library's new building.

She is content that Mr. St. John-Stevas should make this announcement in the form of an Arranged PQ as he proposes.

I am sending copies of this letter to Terry Matthews (Chief Secretary's Office) and Jeff Jacobs (Department of the Environment).

M. A. PATTISON

Miss Mary Giles,
Office of the Minister for the Arts.

✓



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster
68 Whitehall
London SW1A 2AS

24 November 1980

Dear Norman,

THE BRITISH LIBRARY

Thank you for your letter of 19 November about the proposed new British Library building. *JPM*

As I said in my letter of 20 October, I still have my reservations about this project, most particularly about announcing a decision to go ahead with such a large and costly enterprise at a time when we are having to make so very many difficult cuts in public expenditure. But as I said, I accept to some extent this is a matter of presentation; comparatively little money would be saved, net, in the early years of the current PESC period, by cancelling the building now, while the bulk of the expenditure is spread over a number of years beyond 1983-84. However as I also said there, I am aware that taken in isolation there are arguments in favour of the Library project and many people would think that it would be a great mistake if it were now abandoned. Accordingly I am prepared, as I said, to see a start made now on the first phase, providing our colleagues are content.

There is the question of the timing of the announcement. I note that you would like to say something before the 28 November, when the Prime Minister is performing a ceremony at the Library. It could be argued, however, that this week is going to be a singularly bad time to be seen to announce such a project, bearing in mind the public expenditure reductions which the Chancellor will be announcing today. On the other hand, one cannot see any much better time over the next few months for an announcement, from this point of view, and one can see a presentation which would make it clear that although we are now in a recession and we are having to make public expenditure cuts, we are able also to lift our eyes from the immediate problems and make plans that would improve the quality of our lives in the longer term. Again subject to views of others, therefore, I would not object to a low key announcement by arranged PQ on Friday.



DRAFT ANNOUNCEMENT BY THE CHANCELLOR OF THE DUCHY
OF LANCASTER
(PROBABLY IN RESPONSE TO AN ARRANGED FQ)

British Library

I have now completed my review of the Library's Euston Road building project, and I am pleased to be able to say that I have decided to make a start on the scheme.

The British Library is one of this country's great institutions and a start should be made in providing it with a permanent home. The Library makes a valuable contribution to our industrial efforts as its services, in addition to those related to language and literature, include the important provision of information services to Science and Industry.

Some changes have been made in the proposals approved by the previous Government, which were open to serious objection in present circumstances. They would have involved heavy expenditure in the next few critical years and yet would not have resulted in usable accommodation for the Library for many years to come. However, with the help of my right hon Friend the Secretary of State for the Environment it has been possible to modify the plans so as to allow the initial provision, at a reduced cost and before the end of this decade, of certain essential accommodation for book storage and reference services, including those of the Science Reference Library. The construction of this accommodation will start as soon as possible.

A decision on the timing of the next part of the work need not be taken for another four or five years. No decisions on subsequent stages of the project have yet been taken.



Arts

10 DOWNING STREET

PRIME MINISTER

Fred Dainton has sent you this advance copy of the introduction to the 7th Annual Report of the British Library. It includes much of the statistical information which he offered during his meeting with you last month.

ms.
/

MA

31 October 1980

DRAFT INTRODUCTION TO THE 7TH ANNUAL REPORT

The Annual Report which follows has been arranged to enable Parliament and interested citizens to gain some quantitative impression of the various activities in which the Library, as one of the world's greatest national libraries, has undertaken during the past year in its effort to serve adequately its large community of users at home and from overseas.

To those knowledgeable in library matters the recorded facts and figures will speak for themselves and reveal an institution offering many services to many categories of users for whom, because of the comprehensiveness of the collections, it is either the Library of first contact or of last resort or both. British scientists, engineers, technologists and many others employed in industry, commerce, government research establishments or higher education draw heavily on the resources of the Science Reference Library and the Lending Division. What they seek and that which these parts of the Library try to provide is information from monographs, learned papers, patents, conference literature and the like either as hard copy, various micro-forms or on computer visual display units or print-outs or simply as answers to telephone enquiries. This knowledge is essential to the well-being of the wealth-creating sector of the national economy. It must therefore be provided as speedily and efficiently as possible. The visits of such users which are frequently in search of a specific piece of information are often of short duration. In contrast a significant proportion of those using the Library for scholarly work in the Arts and Humanities often need to see and handle their material over long periods. However, users, whether scientists, scholars or others, have one attribute in common; over one third of them find material useful to them which they did not know existed or they identify new requirements during their visit to the British Library.

To enable the users to get quickly what they want from the Library's vast holdings they and the collections should be in the same building and good bibliographical services must be available. Although, as mentioned below, the former condition is not met in the British Library, much effort has gone into the development of bibliographic services which, in common with others offered by the Library, are much used and valued by other libraries. In addition the Library must constantly look to the future for no organisation of its size, complexity and wide, national and international, responsibilities can hope to maintain, let alone improve, its performance without unremitting and searching enquiry into its own operations. It must keep abreast of developments in library and information science and also keep constantly under review the impact which new technology could and should have on the Library. Much of this latter task falls to the Research and Development Department to perform. This department seeks to identify changes in library procedures and techniques made possible by new technology or otherwise, which might with advantage be adopted for the more efficient storage and retrieval of information. It therefore conducts research into these fields. Much of this research is carried out in other libraries, schools of librarianship or other competent institutions through the placing of research grants and contracts. This "out-house" research has the added merit of facilitating the diffusion of ideas far beyond the confines of the British Library itself, a process which is further encouraged by the sponsoring by the Library of conferences and seminars. By these means the way is prepared for the acceptance of new methods by professional librarians, outside as well as within the British Library.

The activities of the Reference, Lending and Bibliographic Services Divisions and of the Research and Development Department, by being freely available to other

Phase IA into two parts. The first, called 1Aa, has been devised in a manner which accords with the Chancellor of the Duchy of Lancaster's spending plans for his department a point which was noted with approval in the final report of the Select Committee referred to above.

In conclusion it cannot be emphasised too strongly that the United Kingdom has in the British Library one of the greatest treasure houses of knowledge in the world. If it is to be properly conserved and developed, if it is to be fully exploited for the benefit of this country and if this is to be done at the lowest possible cost then the strategy outlined above should be implemented as soon as possible. Without a start on the new building the prospect is one of decay of holdings and services; with it there is the promise of a glorious renaissance of a great institution.

Fred Quinton

30/10/80

This office will move to

2 Sheraton Street
London W1V 4BH

ON / NOVEMBER 1980

The telephone number remains
the same: 01-636 1544

The British Library Board

Store Street
London WC1E 7DG

Telephone 01-636 1544

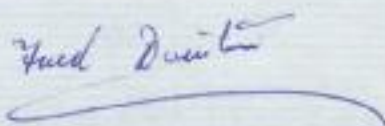
29th October, 1980.

M. Pattison Esq.,
Private Secretary to the Prime Minister,
10 Downing Street,
London, S.W.1.

Dear Mr. Pattison,

The 7th Annual Report of the British Library is now in the hands of the printers. I enclose a copy of the Introduction in which I have focussed on the need for the new building because it traverses much of the ground covered by the discussions I had with the Prime Minister on the 16th September and because, since then, the final report of the Select Committee to which reference is made in the Introduction, has been issued. It occurs to me that you might wish to lay this short paper before the Prime Minister or alternatively tell her about it yourself.

Yours sincerely,



Fred Dainton.

Antar Antennas

31 October 1980

Thank you very much for your letter of 29 October, with which you forwarded a copy of the introduction to the 7th Annual Report of the British Library. I know that the Prime Minister will find this helpful in reminding her of the points you raised with her last month.

M.A. PATTISON

Sir Frederick Dainton, F.R.S.

CB



Handwritten initials: "H.G. + H.M." and a checkmark above "MAD".

Treasury Chambers, Parliament Street, SW1P 3AG

Robin Birch Esq
Private Secretary to the
Chancellor of the Duchy of Lancaster
68 Whitehall
London SW1A 2AS

26 September 1980

Dear Robin,

BRITISH LIBRARY

The Chief Secretary has seen the Chancellor of the Duchy of Lancaster's letter of 19 September about the new British Library project. He has also seen Mike Pattison's letter of 16 September to Mary Giles, from which it is clear that the Prime Minister did not commit the Government to a decision one way or the other on the British Library project during her conversation with Sir Frederick Dainton on 16 September.

In view of his letter to the Chancellor of 19 September, the Chief Secretary does not feel that any useful progress could be made on the drafting of an announcement until he and Mr Stevas have had an opportunity of discussing the level of arts spending in the period 1981-82 to 1983-84. As you know, a meeting has been arranged for 1 October.

I am sending copies of this letter to Mike Pattison at No 10, and David Edmonds (DOE).

Yours sincerely

Terry Matthews

T F MATHEWS



Treasury Chambers, Parliament Street. SW1P 3AG

Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of
Lancaster
68 Whitehall
London SW1A 2AS

20 October 1980

Dear Norman,

THE CURRENT PUBLIC EXPENDITURE DISCUSSIONS AND THE BRITISH LIBRARY

I was grateful to you for the constructive way in which at our meeting of 1 October you offered to go some distance to meet my proposed reduction in your planned expenditure. In view of all the present circumstances, however, I have to say that I am going to ask for more from you, as I hinted at our meeting that I might. My present thinking is that you should find £12 million for 1981-82 to come from your central Government expenditure and £2 million from your local authority programme. These reductions are your share of the additional amounts I am having to seek from all programmes. For the later years I shall be looking for a total of £15 million per annum. I would leave it to you to decide where, over your total programme, these amounts should be found.

At our meeting we had some discussion about the proposed new British Library building, on which we have of course had separate correspondence. I still have my reservations about this project, most particularly about the wisdom of announcing a decision to go ahead with such a large and costly enterprise at a time when we are having to make so many very difficult cuts in public expenditure. But I accept, of course, that to some extent this is a matter of presentation; comparatively little money would be saved, net, in the early years of the current PESC period by cancelling the building now, while the bulk of the expenditure is spread over a number of years beyond 1983-84. I am aware that, taken in isolation, there are arguments in favour of the Library project, and many people would think it a great mistake if it were now abandoned.

Drawing these strands together, I have come to the conclusion that providing you are able to find the savings which I am now asking for over the current PESC period, even if this causes some immediate difficulty to your programme, I would be prepared not to

stand in the way of a decision to proceed with the British Library building now, provided our other colleagues were content and on the understanding that expenditure beyond the present PESC period is deemed to be included within whatever the OAL programme might be expected to be for those years.

Please let me know what you think of these proposals. If it would be helpful we could have a further meeting before Cabinet at the end of this month.

Wms
John Biffen

JOHN BIFFEN



Chancellor of the Duchy of Lancaster
and
Minister for the Arts

✓
MAD
PRIVY COUNCIL OFFICE
WHITEHALL LONDON SW1A 2AT

19th September 1980

The Rt Hon John Biffen MP
Chief Secretary
Treasury

Dear John,

You will have seen the letter recording Sir Fred Dainton's meeting with the Prime Minister on 16th September.

It is now clear that none of us is anything other than sympathetic towards the British Library project, and in my view we have already done all the postponement that is feasible. Not only have we been telling everyone since the beginning of the year that a decision was imminent, but we have rephased the scheme so that any really substantial cost is deferred for five years. In my view, I really cannot delay an announcement about it when Parliament re-assembles, and I hope you will agree that our two Departments should now agree the terms of an announcement to the effect that after a very careful review we have decided to make a start on a more gradual basis than was envisaged by our predecessors, but one which will nevertheless produce usable accommodation earlier. I recognise that you may want to have a look at the text in the light of any discussions there may be in the course of the next few weeks, but subject to that reservation, I hope we can then make the announcement.

If you agree, my officials will start work on a draft and get in touch with yours.

I am sending copies of this letter to the Prime Minister and Michael Heseltine.

John Biffen



The British Library Board

Store Street
London WC1E 7DG

Telephone 01-636 1544

Prime Minister

Interested in "x"?

Yes mb

YAP 18/ix

17th September, 1980.

h2/9

The Rt. Hon. Mrs. Margaret H. Thatcher, MP,
10 Downing Street,
London, S.W.1.


Dear Prime Minister,

The conversation we had yesterday afternoon was so interesting that I forgot to thank you very much for making the time to see me. I do immensely appreciate the fact that you were prepared to do so and if there is any information which you need to supplement or amplify that which I gave you please do not hesitate to ask and I will supply it as promptly as I can.

We talked about David Eccles. I omitted to mention that we have had a bust made of him by the distinguished sculptress Elisabeth Frink and we hope to have a very small private ceremony in late November or December at which he would be present when the bust would be unveiled or whatever one does with a bust. It would give us very great pleasure and be a gesture much appreciated by David if you could be present on that occasion, the timing of which we would adjust to suit your convenience if, as I hope, you would be prepared to accept an invitation to come.

*See GR
Correspondence*

Yours sincerely,

Fred D'


Lord Trend

BRIEF FOR CHANCELLOR OF THE DUCHY'S MEETING WITH ~~SIR FRANCIS SANDILANDS~~
AND DR DAVID WILSON, ~~30 JULY 1980~~ 16 September 1980.

1. Sir Francis Sandilands is a trustee of the British Museum and Dr Wilson is the Museum's Director.
2. The Museum's trustees own a number of the properties on the perimeter of the Museum building and they were approached in the mid-1970s with a proposal by Abbey Property Bond Fund, which is connected with the Abbey Life Assurance Company, to develop some of the houses to the north west of the Museum in Bedford Square (numbers 1-10). The developers, who have done similar work on other Bedford Square properties, offered in exchange a substantial sum towards any development project the trustees had in mind. As this project has not involved OAL funds, most of the preparations have been carried out by PSA who have been involved in obtaining Treasury clearance for the works. The Museum has apparently been planning on the assumption that it would receive about £1.8m from the developer and that the new project would be a block in which conservation work on Museum objects could be carried out. The cost of the new block was provisionally estimated at about £4m leaving a gap of £2.2m to be made up by private contributions.
3. The trustees have set up a special appeal and sponsorship committee under the chairmanship of Sir Francis Sandilands to set about raising the necessary private funds. Sir Francis is very well connected in business and the City. He is chairman of Commercial Union Assurance Ltd and has a number of important directorships including Finance for Industry Ltd, ICI Ltd, Trafalgar House Ltd, Kleinwort, Benson Lonsdale Ltd and Plessey Co Ltd; he was also chairman of the Government Committee of Inquiry into inflation and company accounts (1974-75).
4. The PSA have made considerable progress with their planning and quite recently carried out a presentation for the Museum complete with plans and a model. No one from OAL seems to have been present on this occasion but, in the circumstances that this has been a privately funded project, this is not at all objectionable. We do not breathe down the necks of our client institutions in their dealings with PSA.
5. On the financial side, it now seems that the original hopes of the Museum are not likely to be fulfilled. According to PSA, the Bedford Square properties will probably yield less than the anticipated £1.8m and PSA's initial proposals.

in the way of these schemes, are costed at more than £4m.

6. The purpose of the visit by Sir Francis Sandilands and Dr Wilson to the Chancellor therefore seems to be twofold:

1. to secure the Chancellor's support for the Museum's appeal; and
2. to see whether the Chancellor will agree to make up any financial shortfall after the development of the Bedford Square properties and the completion of the appeal.

7. On the first point, there seems no objection to the Chancellor being associated with the appeal, possibly by offering a foreword to the brochure which the trustees will doubtless be preparing. The heavy involvement of PSA would in some ways point to a DOE Minister being the right line of approach but the British Museum is one of OAL's client bodies and the Chancellor has received a great deal of publicity for his business sponsorship campaign. One possible element of risk of any involvement by the Chancellor in the appeal might be that OAL would become financially committed to the project. This leads to the second purpose of the meeting.

8. The second point above is more tricky for, although the conservation block has not been given a place in the committed programme of museums and galleries work, a token start is due in 1981-82, with £1m of (private) expenditure envisaged in 1982-83 to be followed with virtual completion by 1984-85. PSA have been under the impression that the trustees' intention has been to cut their coat according to their cloth and to ensure that the amount of work undertaken would fit the available funds. With our capital programme as hard-pressed as it is, it would be most advisable to keep to this line.

9. In discussion, the Chancellor might wish to make the point that, although the trustees had discretion to dispose of the Bedford Square properties, the proceeds of the transaction with Abbey would, in the normal course of events, have reverted to the Exchequer after the deduction of reasonable expenses. The Treasury have however waived their claim to the proceeds in the interest of the Museum's conservation block and it is not at all unreasonable to regard that sum as a substantial contribution from public funds.

10. No doubt the Museum will wish to explore the possibilities of sponsorship for the new block.

BRITISH MUSEUM

Information and Plans

The British Museum is one of the great museums in the world, showing the works of man from all over the world from prehistoric to comparatively modern times. The displays in the galleries are the responsibility of the following Departments.

Egyptian

Greek and Roman

Western Asiatic

Prehistoric and Romano-British

Medieval and Later

Coins and Medals

Oriental

Prints and Drawings

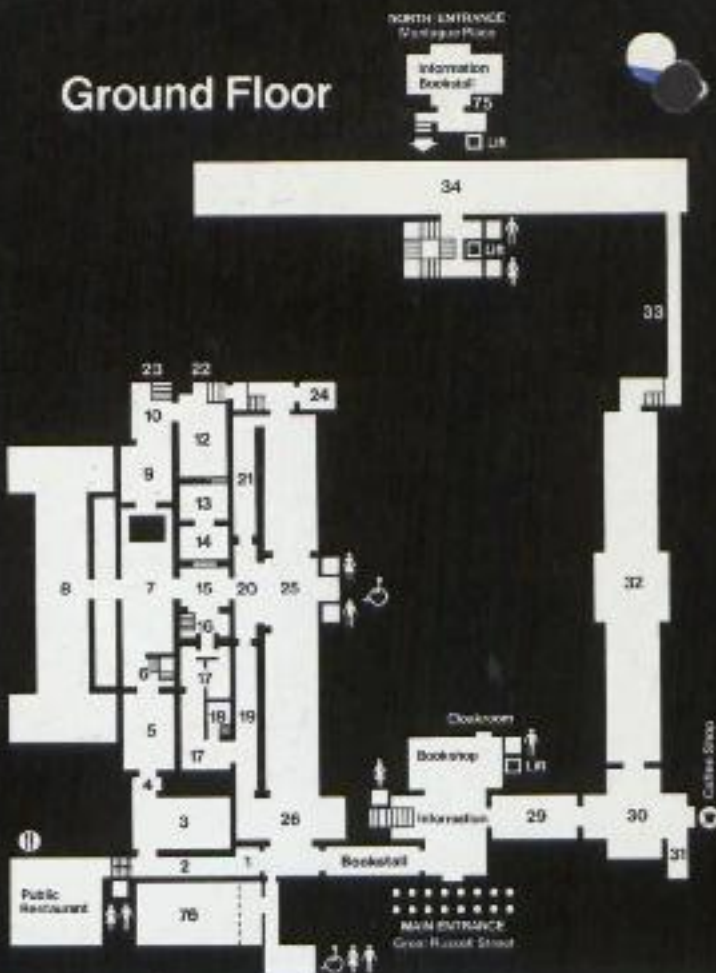
Ethnography

The ethnographical collections are displayed at the Museum of Mankind, Burlington Gardens, London W1. A separate leaflet concerning this Department is available on request.

Special Exhibitions

The British Museum mounts a series of special changing exhibitions which focus more detailed attention on certain aspects of the permanent collections and/or show related material from other major collections. An exhibition programme is available on request.

Ground Floor



Upper Floor



Special Exhibitions

- 76 New Wing Gallery
- 49 ▲ Special Exhibitions Gallery

Egyptian

- 25 Egyptian Sculpture
- 60/61 ▲ Mummies
- 62 ▲ Tomb paintings and papyrus
- 63 ▲ Daily life in Ancient Egypt
- 64 ▲ Pottery and small objects
- 65 ▲ Small sculpture
- 66 ▲ Coptic Art

Greek and Roman

- 112 Greek Bronze Age
- 3 Archaic Greece
- 4 Room of the Kouros
- 5 Room of the Harpy Tomb
- 6 Bassae Room
- 7 Nereid Room
- 8 Sculptures from the Parthenon (Elgin Marbles)
- 9 Caryatid Room

- 10 Payava Room
- 11 Etruscan Art (from stairs at 23)
- 12 Mausoleum Room
- 13 Hellenistic Art
- 14/15 Roman Art
- 22 Stairs down to Greek and Roman architecture room
- 23 Stairs to Etruscan Art
- 68 ▲ Greek and Roman bronzes and terracottes
- 69 ▲ Greek and Roman Life Room
- 70 ▲ Greek mythology
- 71 ▲ Cypriot Antiquities
- 72/73 ▲ Greek vase Rooms

Western Asiatic

- 16 Khorsabad, and stairs down to Lecture Theatre
- 17 Assyrian Saloon
- 18 Stairs down to Assyrian basement
- 19/20 Nimrud
- 21 Nineveh
- 24 Ancient Palestine

- 26 Assyrian Transept
- 51 ▲ Ancient Iran
- 52 ▲ Ancient Anatolia
- 53 ▲ Neo-Hittite trading
- 64 ▲ Ancient Babylonia—Royal Tombs of Ur
- 55 ▲ Western Asiatic prehistory
- 56 ▲ Ancient writing
- 57 ▲ Ancient Syria
- 58 ▲ Nimrud Ivories
- 69 ▲ South Arabia

Prehistoric and Romano-British

- 35 ▲ Prehistory and Roman Britain
- 36 ▲ Man before Metals
- 37/39 ▲ Later prehistory of Europe
- 40 ▲ Roman Britain

Medieval and Later

- 41 ▲ Early Medieval Art
- 42 ▲ Medieval Art
- 43 ▲ Medieval tiles and pottery

- 44 ▲ Clocks and watches
- 45 ▲ Wedgwood Request
- 46/47 ▲ Renaissance and Later

Oriental

- 34 Art of Islam, South and South East Asia, China and Korea
- 74 ▲ Oriental painting
- 75 Art of Japan (lower gallery)

Coins and Medals

- 50 ▲ Coins and Medals Gallery

Prints and Drawings

- 67 ▲ Prints and Drawings (special exhibitions only)

British Library Galleries

- 29 Illuminated manuscripts
- 30 Historical, musical and literary manuscripts
- 31 Crawford Room
- 32 King's Library
- 33 Map Gallery

General Information

Admission is Free

Opening hours. Monday to Saturday 10-5, Sundays 2.30-6. Closed Christmas Eve, Christmas Day, Boxing Day, New Year's Day, Good Friday and the early May public holiday.

Refreshments. The licensed Public Restaurant offers a choice of full meals, while the Coffee Shop serves light snacks and lunches. Both are open Monday to Saturday 10.30-4.15 and Sundays 2.30-5.15.

Wheelchairs. Wheelchairs are available by prior arrangement, at both the Main Entrance in Great Russell Street and the North Entrance in Montague Place. Lifts at both entrances give access to the upper galleries. Toilet facilities for disabled visitors are located in the Egyptian Sculpture Gallery and the New Wing Special Exhibitions Gallery, both on the ground floor.

Public lectures and films. The lectures, gallery talks and films are free. Lectures and films are held in the Lecture Theatre in the Assyrian Basement. Lectures Tuesday to Saturday; films Tuesday to Friday each week. Full programmes are available on request. The public lectures are not intended for parties from schools and colleges. Arrangements for such visits should be made with the British Museum Education Office.

Opinions on Objects. Staff are available to give opinions on objects (no valuations can be given) relating to the Museum's collections at the following times: Monday to Friday 2-4.30 (Prints and Drawings 2.15-4, Oriental 2.15-4.30).

Photography. Photography with a hand-held camera is permitted, with flash if required. The use of other equipment, including tripods, must be arranged in advance through the Photographic Service.

Bookshop. (British Museum Publications Limited). Books, postcards, posters, replicas and other items are available from several sales points. (Please note that these close 10-15 minutes before the galleries).

Dial-An-Exhibition. 01-730 0977.

For information about major London exhibitions.

BRITISH MUSEUM

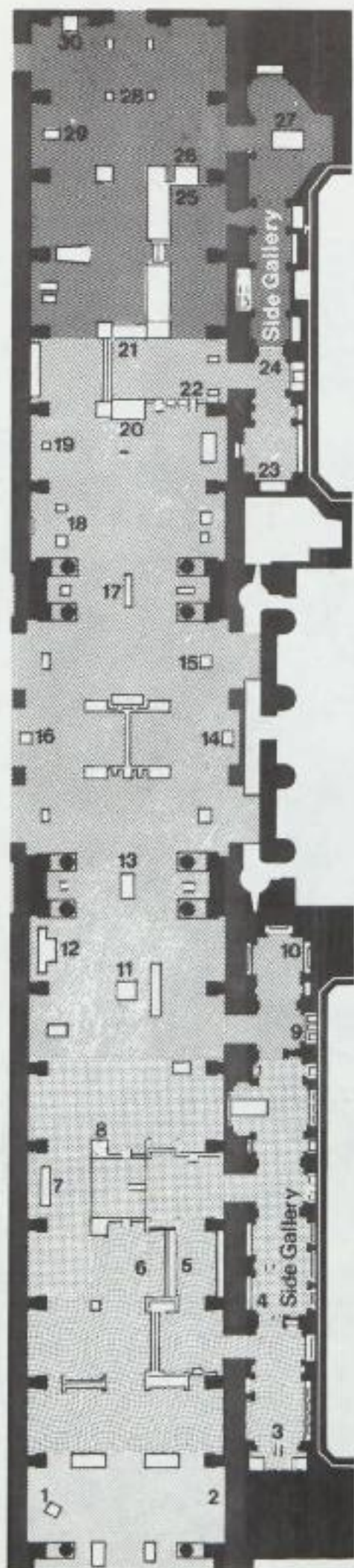
Great Russell Street, London WC1B 3DG. Tel: 01-636 1555

THE BRITISH MUSEUM


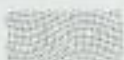
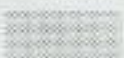

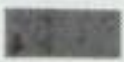
**The redesign and reorganisation
of the Egyptian Sculpture Gallery**




A Mid-nineteenth Century view of the Gallery.



- 1 The Rosetta Stone
- 2 The King-list of Abydos
- 3 Statue of Bedjmes
- 4 Stela of Tjetji
- 5 Mastaba of Urirenptah
- 6 False door of Ptahshepses
- 7 Statues of Sesostris III
- 8 Lotus-bud column
- 9 Senenmut and Neferure
- 10 Head of Tuthmosis III
- 11 Colossal head and arm of Amenophis II
- 12 Sakhmet Statues
- 13 Four-sided monument of Tuthmosis III
- 14 Colossal bust of Amenophis III
- 15 Quartzite head of Amenophis III
- 16 Seated pair of nobleman and wife
- 17 Stone barque of Queen Mutemuia
- 18 Monuments of Horemheb
- 19 Statue of Khaemwese
- 20 Ramesses II (the 'Younger Memnon')
- 21 Ram of Taharqa
- 22 Wooden royal tomb statues
- 23 Stela of Hor and Suty
- 24 Gilded coffin of Henutmehyt
- 25 Sarcophagus of Ankhnesneferibre
- 26 Giant scarab
- 27 Sarcophagus of Hepmen
- 28 Obelisks of Nectanebo
- 29 Statue of Wahibre
- 30 Granite shrine from Philae

- | | |
|---|----------------|
|  | Introduction |
|  | Old Kingdom |
|  | Middle Kingdom |
|  | New Kingdom |
|  | Late Period |

 To Main Entrance



The Main Gallery (South) looking north,
with seated figures of Amenophis III
flanking the entrance.

Foreword

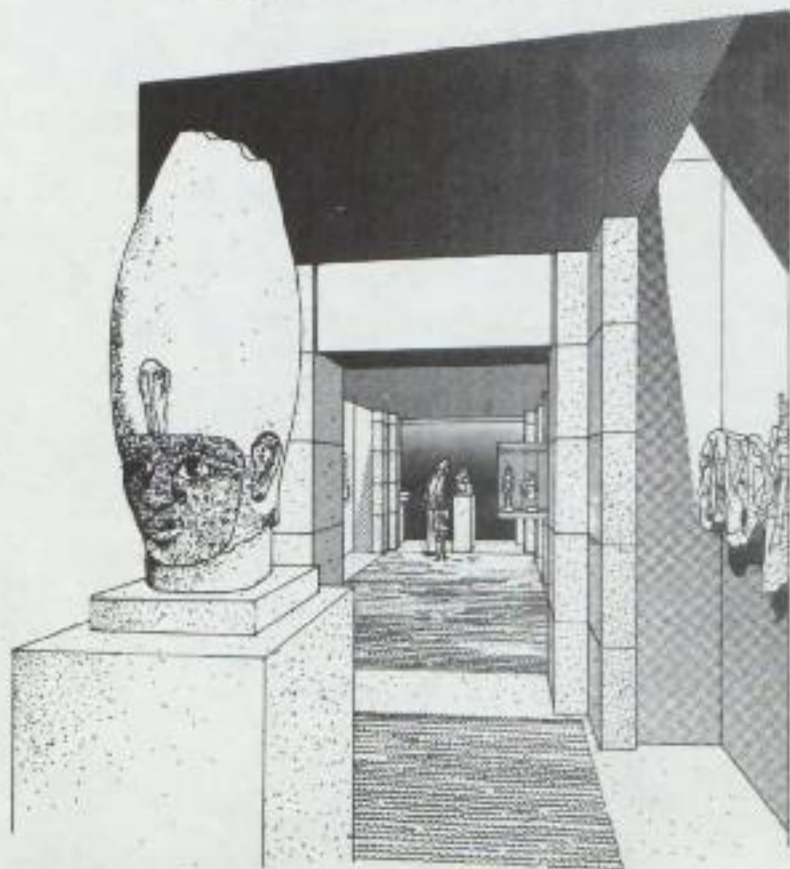
By **The Lord Trevelyan, KG, GCMG, CIE, OBE, Chairman of the Trustees of the British Museum**

The programme of re-exhibition in the great ground-floor galleries of the British Museum, so successfully exemplified in the redesign of the Greek and Roman Galleries and the Assyrian Galleries, is now to be completed by a reorganisation of the Egyptian Sculpture Gallery. The plans, set out in this leaflet, have been prepared by Robin Wade Design Associates in conjunction with the Directorate of Ancient Monuments and Historic Buildings of the Department of the Environment.

To meet part of the costs of the new scheme the Trustees have received generous donations from private individuals, institutions and charitable organisations. In expressing the thanks of the Trustees to these donors, I look forward to 1980 when the newly designed exhibition of Egyptian works of art will provide a visual memorial to their liberality.



Main Gallery (South) looking up the ramp to the new platform level and the entrance to the Middle Kingdom in the South Annexe.



South Annexe looking south from the Middle Kingdom entrance with head of Mentuhotep III in the foreground.

The Egyptian Sculpture Gallery

The present exhibition in the Egyptian Sculpture Gallery was completed in 1937. It is a chronological scheme running from north to south, whereas the normal route for visitors runs from south to north. This exhibition survived the Second World War intact and remains substantially as it was planned forty years ago.

In using this gallery as a setting for the exhibition of Egyptian antiquities, the principal concern has been to produce a scheme which will do full justice to the Collections — the largest and most representative assemblage of Egyptian antiquities outside Egypt — and to show the splendid Neo-classical gallery to its best advantage.

The scheme of re-exhibition which has been prepared takes into account the following:

- a The chronological sequence of display will run from south to north.
- b An introductory area will include explanatory material as well as objects of particular and didactic importance such as the Rosetta Stone.
- c As the visitor passes along an exhibition route which extends chronologically for three thousand years, the successive periods of Egyptian history, and their appropriate objects will be explained and clearly distinguished.
- d Lighting. Egyptian sculpture-in-the-round requires top-light for best viewing, while reliefs and inscriptions need oblique side-light. The large windows of the gallery on the west side admit too much uncontrolled daylight at present. Specially designed louvres, fitted outside, will direct daylight up to the high ceiling of the gallery from which it will be deflected downwards. Artificial lighting will be used to supplement the daylight, to spot important and large-scale sculptures and to produce the oblique illumination required for reliefs and inscriptions.
- e A more representative display is sought by the inclusion of selected smaller objects of all kinds at present included in the exhibition in the galleries on the first floor.
- f The mixing of small objects with colossal sculptures presents problems. In the newly planned scheme, the smaller objects will mostly be shown in two new side-galleries with low ceilings. Small objects will be viewed in settings more intimate than that of the lofty main gallery.
- g The strong neo-classical geometry of the room will be exploited in the placing of major pieces of sculpture. Their positions have been chosen to oblige the visitor to make frequent changes of direction in his route through the gallery. The present exhibition has only one basic axis — the new scheme will provide numerous cross axes. It will be possible to see objects from more than one direction and sometimes from two different levels — raised platforms will lead the visitor into the new side galleries.



South Annex looking south from the New Kingdom entrance.

Main Gallery (North) looking south with the sarcophagus of Nesit in the right foreground and, in the centre, a colossal bust of Ramesses II.





10 DOWNING STREET

From the Private Secretary

16 September 1980

Dear Mary

The British Library

Sir Frederick Dainton called on the Prime Minister this afternoon.

He explained to her that he had arrived at the British Library with a sense of scepticism about the need for a new building. As she knew, his background made him well placed to approach the subject with a fresh mind. He had also taken into account the possibility that changes in technology might render any plans obsolete before completion. But despite this approach he had now reluctantly come to the conclusion that a new building was necessary. He felt that it needed to be approached with a strategy which would allow stop points for the Government to reconsider the need for further work.

Sir Frederick rehearsed the scale of the Library's collection, the extent of dispersal in London, and the problems of inadequate service and a deterioration of material. He explained that the Library was already spending £2m. per annum on conservation, and was nevertheless losing the battle. Any solution based on a central storehouse providing materials to a number of points would only increase this deterioration, through environmental change and mechanical handling damaging individual items.

Sir Frederick explained that he had also considered the options offered by new technology. One would be to microfilm the entire collection but he had concluded that it would cost some £460m. to microfilm the present stock, or two and a half times the estimated building cost. An alternative involving storing information on disc and tape and extracting it as required would take 1100 camera years. Equipment and labour would cost in the region of £12.000m.

/Against this

cc HUT
DOE
Avis & Amenities JEM
cc Messer Set

108

Against this background Sir Frederick had reluctantly been forced back to the building option as the most economical way of having material readily available and stored in a constant environment. But this should be approached without giving any irreversible commitment to future stages. The original plan had involved a twelve year first phase, during which time readers could not use the facility. There were special problems of building, given the constraints on the site and the consequent need to build five floors below ground. He considered it necessary severely to curtail the timetable for the first phase. The new phase one involved a nine year construction period, with readers making use of the building after eight years. But there would be a break point after five years. The phase one work would cost £60m. at current prices. The Library would continue to look at technological developments to see if it was possible to change the nature of the enterprise at the end of the five years, although he did not himself see much prospect of this.

Sir Frederick pointed out that the average expenditure in phase one would be about £7m. per annum, but only £2-3m. per annum would be drawn in the first few years.

The Prime Minister noted there would still be substantial conservation costs in addition to the cost of the new building, although Sir Frederick reported that the Library was working on more efficient and economical conservation techniques. She explained that she had considerable sympathy with what Sir Frederick proposed, and she accepted that he had re-examined the issue from first principles. She could not give any commitment at that point, as this was one of a number of questions for Ministers to consider over the next six to eight weeks. She noted that the problem lay essentially in the public expenditure implications for later years.

I am sending copies of this letter to Alistair Pirie (HM Treasury) and David Edmonds (Department of the Environment)

Yours ever
Mike Pattison

Miss Mary Giles
Chancellor of the Duchy of Lancaster's office.

Arts



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

15th September 1980

Chancellor of the Duchy of Lancaster
and
Minister for the Arts.

The Rt Hon John Biffen MP
Chief Secretary
HM Treasury
Treasury Chambers
Whitehall
LONDON SW1

Thank you for your letter of 8th September about the British Library.

I have also seen Michael Heseltine's letter of 5th September to you, and I am bound to say that I share his view that we cannot defer any longer a definite decision on this project. I do agree however that we should first of all await the outcome of the Prime Minister's meeting with Sir Fred Dainton. As you say, it is important that we look beyond our immediate national difficulties and take a responsible view of national needs for the long-term future, and this is a matter on which the Prime Minister will probably want to comment.

In that connection I must take you up on one point. The Library is not just an Arts project: it is a matter of great importance to every area of our national life, including particularly industry, science and education as well as our cultural heritage. It would in my view be quite wrong to expect my limited Arts budget to bear the total cost without any supplementation after the present planning period. But we can talk about this later.

Incidentally, I was a little surprised to see your reference to "controversy in academic circles" over the Reading Room. The circles in which controversy has arisen are very small indeed, and I expect that Sir Fred Dainton's experience and authority in academic circles will help the Prime Minister to see the matter in proper perspective.

PRIME MINISTER

British Library

Your queries about spending on the British Library.

Spending on the first stage of the Library is already provided for in PESC, which goes up to 1983-84. So the need to cut into other programmes does not arise. The Chief Secretary is, nonetheless, objecting to a decision in favour of going ahead because of the public expenditure costs beyond the PESC period - i.e. in the mid and late 1980s. He may also be objecting in case another public expenditure cutting exercise is necessary. But the PESC report which went to Cabinet in July said that, if there had to be a reduction in the Arts and Library programme, spending on the British Library should be exempt. If there were to be a major assault on this programme, I doubt very much whether Mr. Carlisle would be prepared to give up any more spending on the universities and polytechnics capital programme; and there is very little fat in the capital plans of the National Museums.

As regards your idea of a specific bond issue at a low rate of interest to finance the Library, this of course would be a possibility. It would be somewhere in between raising money at normal gilts rates and raising money as a charity does. We would save a little in interest payments; but unfortunately, the capital spending would still count as public expenditure. And so the financial advantage would be very limited indeed.

I think it would be unwise to tell Sir Fred Dainton that we have made provision for the first stage of the Library in PESC - since, if we do decide to cancel the project, this would weaken our hand.

RL

15 September 1980

PRIME MINISTER

For your meeting with Sir Frederick Dainton, I attach:

Flag A - the letter asking for a meeting.

Flag B - a note from Mr. St. John Stevas' office covering other material prepared by the OAL.

Flag C - Mr. Biffen's latest letter on the subject presenting the Treasury's view that further postponement is necessary.

Tim

Before we have this meeting
- what are the possibilities
off ① cutting revenue to cut
the Council to make
some contribution to cut
the Treasury
② cutting the Commission
policy branch capital
proportion - in other
proportion cap.
proportion
with
M.P.

12 September 1980

③ Having a specific land
issue for the project at
say only 5% interest.
less tax - to see if it
accidents would would submit.

FROM LORD
ECCLES.

as from
6. Barton St
SW. 1

12 Sept

Dear Margaret

A15/7
MS

I heard Fred Dainton is going to see you about the British Library. Since I left the chair I have travelled much in U.S. and Europe. Everywhere central librarians have told me that B.L. is now the greatest institution of its kind, and how glad they are to follow our lead.

This is good. But until our skills and assets are concentrated in one building we cannot serve our country and others as we should. Sorry about my handwriting, am in bed after an operation. David E.



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster
and
Minister for the Arts

10th September 1980

Miss Caroline Stephens
Private Secretary
10 Downing Street
LONDON SW1

*R/S
Redacted*

MAP
Dear Caroline Stephens,

The Prime Minister is meeting Sir Frederick Dainton, Chairman of the British Library on Tuesday, 16th September, and you asked Miss Mary Giles for briefing material. I am replying in Miss Giles' absence.

We understand that the basis of Sir Frederick Dainton's meeting with the Prime Minister on 16th September is a letter dated 9th July 1980 from him to the Prime Minister, to which she replied on 15th July. This correspondence makes clear that the meeting is to be about the first sub-stage of the proposed Euston building for the British Library. (The letter of 21st August 1979, a copy of which you sent us recently, is no longer relevant.)

... The case for allowing the first sub-stage of the Euston building to go ahead is being considered by the Chief Secretary on the basis of a letter and supporting material sent by the Chancellor of the Duchy of Lancaster on 20th August. A copy was sent to the Prime Minister at the time; a further copy is attached.

... The costs given in the attached papers are in terms of September 1979 prices. It is estimated that at present prices the total cost of the first sub-stage would be about £90m and that of the second sub-stage about £40m. No further stages are in issue for the present (the total scheme as planned would cost over £300m but decisions are not required on the remainder for a long time to come).

Yours sincerely
Steph Dancer

S E J Dancer
Assistant Private Secretary (Arts)

John G. ...

10 September 1980

You wrote to Caroline Stephens enclosing very helpful briefing for the Prime Minister's visit to the British Museum which took place yesterday. The Prime Minister had also seen a copy of the Chief Secretary's recent letter to your Minister about the British Library.

Lord Trend and the Director and Sir Frederick Dainton, who joined us in the rooms occupied by the Library, made the comments which were to be expected as the Prime Minister toured the building but the Prime Minister made, of course, no commitments, nor were any expected.

I think the Prime Minister greatly enjoyed her visit, and she will have seen at first hand part of the background to the British Library project.

C. V. PETERSON

Miss Mary Giles
Office of the Minister for the Arts

PRIME MINISTER'S VISIT TO THE BRITISH MUSEUM

Tuesday, 9 September 1980

DRAFT PROGRAMME

- 4.15 p.m. Arrive at Director's Entrance
Met by Lord Trend
Dr D M Wilson (Director)
Briefing in Director's Office. Miss M F Webb (Deputy Director) will be present.
- 4.35 p.m. Leave Director's Office accompanied by Lord Trend, Director, Deputy Director.
Enter New Wing Coffee Shop via rear entrance.
Leave by main entrance.
Walk through lower Greek and Roman Galleries (Archaic Greece, Room of the Kouros, Room of the Harpy Tomb, Nereid Monument, Caryatid Room, Payava Room, Mausoleum Room, Architecture Room)
Visit Primary Inscription Room (Wolfson Galleries)
Return via Architecture Room to North End of Egyptian Sculpture Gallery.
Walk down Egyptian Sculpture Gallery.
Turn left along Postcard Gallery to Front Hall.
Enter Reading Room. Walk through Reading Room and North Library.
Ascend North Staircase to Oriental Gallery I, turn right and walk down the Gallery.
Cross from King Edward VII building via bridge. Descend North West Staircase to King's Library.
Walk through King's Library, Manuscripts Saloon, Grenville Library.
Return to Director's Office via Front Hall, Postcard Gallery, Director's Corridor.
- 5.30 p.m. Drinks in Director's Office with group of Trustees.
- 6.0 p.m. Prime Minister leaves from Director's Entrance.

Trustees expected to be present, 9 September

Appointed by the Prime Minister

Professor Laurence Gower, lawyer, aged 66, recently retired as Vice-Chancellor of Southampton University, a Trustee since 1968.

Mr Graham Greene, publisher, aged 44, a Trustee since 1978. Son of Sir Hugh Carlton Greene.

Sir Denis Hamilton, Chairman of Times Newspapers, aged 61, a Trustee since 1969 (and also a member of the British Library Board).

Sir Richard Thompson, former M.P. for Croydon South, aged 67, a Prime Ministerial Trustee since 1963, and formerly a Cottonian family Trustee of the Museum.

Appointed by others

Sir Martyn Beckett, aged 61, architect, a Trustee since 1978. Also Chairman of the Wallace Collection Trustees, who are appointed by the Prime Minister.

Professor Lawrence Gowing, aged 62, Slade Professor at University College London, painter and writer on painting, a Trustee since 1976.

Sir Francis Sandilands, aged 66, businessman and Chairman of Commercial Union. Also recently appointed by you to the Royal Fine Art Commission.



2,
- former Minister
J.H.
8/9

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of
Lancaster
70 Whitehall
London SW1A 2AS

8 September 1980

Dear Chancellor of the Duchy

BRITISH LIBRARY - EUSTON ROAD BUILDING

Thank you for your letter of 20 August.

I find this a difficult decision indeed. On the one hand I note what you say about the inadequacy of the present British Library facilities and the advantages that would come from the new building. I also appreciate the argument that while the public expenditure position is very difficult indeed now we should not assume this will always be so and that, as our present policies pay off, we should be able to afford, and ought to invest in, a centre of excellence such as the new Library.

Against this, however, it has to be faced that whatever sort of economic scenario we paint for ourselves this is a project which is going to make substantial demands on public expenditure. Our objectives are to get down and, in the longer term, keep down, public spending. If this project goes ahead it will clearly have to displace other work in the arts and heritage field, and possibly other programmes, in the second half of the decade.

Moreover, there are some short term considerations. I appreciate that the costs of the project for the early years can be absorbed within present public expenditure ceilings. But we are currently engaged in a very difficult public expenditure round, and, it is not clear yet whether further reductions in present plans may not be necessary. What is clear, however, is that a number of very unpalatable measures are going to have to be taken, against the background of which to go ahead with this very big project is bound to arouse adverse comment. This must be the more so because of the controversy which the proposal has raised in academic circles - this may, as you suggest, be based on a misunderstanding as to the future of the Reading Room, but I fear it exists and would be bound to colour the reception of an announcement now to proceed.

I understand that Sir Frederick Dainton, Chairman of the British Library Board, is calling on the Prime Minister shortly to put the Board's case for this proposal, in much the same way as Lord Trend put the British Museum's view earlier this year. It would therefore, perhaps, be premature now to take a final view though I should make it clear that if we did decide to proceed this must be clearly on the basis that no specific additional funds are made available, and that for years beyond the present PESC period the necessary provision is found out of an OAL programme as it would be without this project. Even so, however, my present feeling is that to go ahead in present circumstances would give us problems. You say in your note that a decision cannot be deferred any longer. I wonder if this is really so? Clearly from the point of view of the Library, having regard to the present inadequacies of accommodation and the possibility of breaking up the design team, a decision now to go ahead is very desirable. But a decision has already been much deferred, and I do not think that in present circumstances it would be unreasonable to suggest a further postponement.

I am copying this letter to the Prime Minister and the Secretary of State for the Environment.

Yours sincerely
R. WAt

PP JOHN BIFFEN

[Approved by the Chief Secretary
and signed in his absence]

FILE

VLB

Ant-Hunter

MR. WRIGHT
CABINET OFFICE

I enclose an exchange of letters between Mr. St. John-Stevas, Mr. Biffen and Mr. Heseltine which have been copied to the Prime Minister.

Sir Robert Armstrong may be interested to see these. There are signs that the Chancellor of the Duchy may try to appeal to the Prime Minister for a ruling at some stage.

M A PATTISON

8

8 September 1980



Arts -
Administration

10 DOWNING STREET

Mr Curzon

To see.

HW

9/9

Mr Whitmore. ^{HW} 9/9

Thank you - good
timing by the
Treasury! .

CVP. 9/9.



10 DOWNING STREET

PRIME MINISTER

British Museum

Papers for tomorrow
attached.

Also, a note about the
Trustees expected to be
present.

CVP

8 September 1980

PRIME MINISTER

British Museum Visit, 9th September

The Minister for the Arts's Office and the Museum have provided massive briefing for your visit, and this is in the folder attached. The actual programme for your time at the Museum (4.15 to 6) is immediately below this note.

The key issue at the Museum, raised by Lord Trend when he called on you in March, and the reason for your visit now, is the future of the Reading Room and the British Library project. When you saw Lord Trend in March (Mr Whitmore's record is attached below) you said that the British Library project was a matter of finance, and the outcome was uncertain; and you will presumably wish to say the same next week. And you will presumably not wish to over-encourage the Museum's Trustees next week to believe that you accept their case for securing the additional space by moving the books, cogent though many of their arguments are - and may well seem even more so when you see the room yourself next week.

Miss Giles's covering note, and the list of Trustees, is also attached immediately below; I doubt if you need read any of the remaining papers unless time permits. Lord Charteris and Lady Hartwell are the two Trustees whom you have appointed since becoming Prime Minister. Dr David Wilson the Director (appointed by the Trustees with the Prime Minister's approval) has been in post since January 1977.

CVP

5 September 1980



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PS0/16682/80

Your ref:

5 September 1980

De lhr

BRITISH LIBRARY

Norman St John Stevas sent me a copy of his letter to you dated 20 August about the British Library.

I fully endorse his view that a decision should not be deferred any longer, not only for the sake of the Library's collection and clients, but so that the future of the site and a number of outstanding accommodation issues can be settled. The consultants and others involved in planning the project also need to know where they stand.

I am copying this letter to the Prime Minister and to Norman St John Stevas.

you lhr
de lhr

MICHAEL HESELTINE



The British Museum

London W1N 3PP
Telephone 01-636 1555 ext. 463

Miss C M Stephens,
Personal Assistant to the
Prime Minister,
10 Downing Street,
LONDON SW1.

Your reference

Our reference

Date

2 September, 1980

Dear Miss Stephens,

It occurs to me that you may wish to have a note of the Trustees whom we expect will be present for drinks with the Prime Minister on Tuesday, 9 September 1980.

The following Trustees of the Museum have indicated that they will be there:

Professor Gowing
Professor Gower
Sir Richard Thompson
Sir Francis Sandilands
Sir Martyn Beckett
Mr Graham C Greene
Sir Denis Hamilton

Yours sincerely,

M L Gaygill (Mrs)
Director's Office



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster
and
Minister for the Arts.

21st August 1980

Miss Caroline Stephens,
Private Secretary to the Prime Minister,
10 Downing Street,
London SW1

Dear Caroline,

PRIME MINISTER'S VISIT TO THE BRITISH MUSEUM, 9 SEPTEMBER 1980

I am enclosing a short background brief for the Prime Minister's visit to the British Museum on 9 September 1980.

2. This visit will enable the Prime Minister to see at first hand the situation at the Museum which was outlined by Lord Trend, the Chairman of the Trustees when he met her on 24 March 1980 about the importance to the Museum of taking over the areas at present occupied by the British Library.
3. Such a take-over obviously hinges on the proposed move by the British Library to the new site on the Euston Road. The Chancellor of the Duchy of Lancaster has recently written to the Chief Secretary about this (a copy was sent to the Prime Minister and another copy is attached for easy reference). Sir Fred Dainton is due to see the Prime Minister on the same matter on 16 September.
4. The Prime Minister will also be able to see what the Trustees have managed to do in spite of limited financial resources. Recent building projects include the following:
 - a. The new "Amenity Block", which was opened last winter, is a development on 5 floors and cost about £2.5m. This is seen by the Museum as only the first stage of a more ambitious scheme but it is unlikely that a further major project will be possible in the next few years.
 - b. The Egyptian Sculpture Gallery is being completely re-organised and face-lifted: half the cost has been raised from an Appeal Fund and half provided by the Government.
 - c. The Duveen Building Basement has been refurbished almost entirely by the Wolfson Foundation and renamed the Wolfson Galleries.
 - d. There are also plans to provide a new Conservation Block by means of another appeal together with proceeds from the sale of property in Bedford Square. (Lord Trend and the Director are to meet the Chancellor of the Duchy of Lancaster to discuss this on 16 September and a copy of the brief prepared for their meeting is attached to the background note.



5. The Prime Minister may be aware that the Civil and Public Services Association published a report on 6 August alleging mismanagement and negligence by the Museum administration. This was based partly on distortions of papers prepared for the Trustees in confidence. It appears not to have attracted much attention.

If there is anything further you require I shall be on leave until 15 September after today but my colleague Stephen Dancer will deal with it in my absence.

You sincerely
M. G. E. Giles

Miss M G E Giles
Private Secretary (Arts)

	DATE OF BIRTH	APPOINTED BY	FIRST APT	RE-APT(S)	TERM EXPIRE
Lord Trend (Chairman)	2 1 14	The Prime Minister	30 9 73		29 9 83
Sir Denis Hamilton	6 12 18	"	21 11 69	20 11 79	21 11 83
Rt Hon Lord Boyle of Handsworth	31 8 23	"	1 8 70	1 8 80	31 7 85
Sir Richard Thompson	5 10 12	"	51	30 9 63 30 9 71 30 9 76	29 9 81
Sir Arthur Drew	2 9 12	"	1 1 73	1 1 78	31 12 82
Prof Laurence Gower	29 12 13	"	1 5 68	1 5 78	30 4 83
Prof Edward Hall	10 5 24	"	30 9 73		29 9 83
Lord Annan	25 12 16	"	30 9 63	30 9 73 30 9 78	29 9 83
Sir Moses Finley	20 5 12	"	1 5 77		30 4 83
Sir John Addis	11 6 14	"	12 12 77		11 12 83
Graham C Greene	10 6 36	"	1 2 78		31 1 83
Simon Hornby	29 12 34	"	7 4 75		6 4 83
Sir Denys Lasdun	8 9 14	"	26 11 75		25 11 83
Lord Charteris of Amisfield	7 9 13	"	1 9 79		31 9 84
Lady Hartwell		"	6 11 79		5 11 84
HRH The Duke of Gloucester		HM The Queen	30 9 73		29 9 83
		Chancellor of the Duchy of Lancaster on the nomination of:			
Lord Adrian		The Royal Society	9 10 79		30 4 84
Elisabeth Frink	14 11 30	The Royal Academy	1 1 75	1 1 80	31 12 84
Prof. William Watson	9 12 17	The Society of Antiquaries	27 7 80		26 7 85
Lord Blake	23 12 16	The British Academy	5 9 78		4 9 83
David Attenborough	8 5 26	The Trustees of the British Museum	1 6 80		31 5 85
Prof Laurence Gowing	21 3 18	"	5 3 76		4 3 81
Sir Francis Sandilands	11 12 13	"	1 9 77		31 3 82
Sir Martyn Beckett	6 11 18	"	1 2 78		31 1 83
Prof Rosemary Cramp	6 5 29	"	12 6 78		11 6 83

NOTES: 1. Term of office: not more than 10 years
2. Re-appointment: not more than 5 years if re-appointed within 12 months

4 March 1980

1 August

BACKGROUND MATERIAL FOR PRIME MINISTER'S VISIT TO THE BRITISH MUSEUM
ON 9 SEPTEMBER 1980

1. The Museum was established in 1753. It owes its origin to Sir Hans Sloane, who in his Will offered to the Crown for £20,000 his museum of natural history, antiquities, manuscripts and printed books. This collection was enhanced by the acquisition of the manuscript collections of Robert and Edward Harley, first and second Earls of Oxford. The Museum really established itself in the 19th Century, particularly under the leadership of Antonio Panizzi, who became Principal Librarian in 1856. The Natural History Departments were removed to South Kensington in 1880-83 and were formally separated, under different trusteeship, by the British Museum Act 1963. Under the British Library Act 1972 the Department of Printed Books, Manuscripts and Oriental Printed Books and Manuscripts became part of the British Library from 1 July 1973. The British Museum nevertheless remains the largest of the national museums and galleries. Attendance in 1979 was 3,081,141.

2. Trustees are appointed under the 1963 Act. They number 25: one is appointed by H M the Queen, 15 by the Prime Minister, 4 by the Chancellor of the Duchy of Lancaster on the nomination of the Presidents of the Royal Academy, Royal Society, British Academy, the Society of Antiquaries of London and 5 by the other Trustees of the Museum. (A list of the present Trustees is appended). The Director, who is appointed by the Trustees, is Dr David M Wilson, who has been in post since January 1977. The Deputy Director is Miss Maysie Webb. The staff numbers about 1060; they are not strictly speaking Civil Servants but have the same terms and conditions of service as Civil Servants.

3. The Museum is funded mainly by an annual grant from the Office of Arts and Libraries to cover staff salaries and other running costs, and a separate grant-in-aid for purchases. The provision for the current year is £10.29m which includes a purchase grant of £1.517m. There are also certain trust funds at the disposal of the Trustees. Public expenditure on building construction and maintenance is determined by the OAL as part of the Arts budget but administered by the PSA.

4. Proposed Conservation Block

The Museum wishes to centralise and modernise its facilities for conservation work. A private development company wishes to develop nos. 1-10 Bedford Square,

which are owned by the Trustees, as an investment and has offered the Museum in return a substantial sum of money towards any project it may have in mind. (Unusually, the Museum's buildings are vested in the Trustees, not in the Crown). The PSA has designed a Conservation Block estimated to cost about £4m. The maximum sum expected from the developers is thought to be £1.8m. To bridge the gap the Museum has set up a Special Appeal and Sponsorship Committee under the Chairmanship of Sir Francis Sandilands, one of the Trustees. A copy is appended of a note prepared for a meeting arranged for 30 July (but then postponed ^{and now} _{arranged for 16 Sept 70}) between Sir Francis and Dr Wilson and the Chancellor of the Duchy of Lancaster.

5. The area of the Museum's building which is occupied by the British Library is in the region of 320,000 sq ft (nearly one-third of the total). It is important to the Museum not only because of its extent but also because it effectively blocks the natural circulation routes of the building. Much of it would need to be completely re-modelled for Museum use but it is envisaged that the Reading Room would retain its character, the main area being used for displays and only its ground level bookshelves being removed. The whole of the Museum's ground floor would then become available to visitors who could pass not only from East to West but also from North to South. Copies of relevant papers related to Lord Trend's visit to the Prime Minister on 2 March are attached.

THE BRITISH MUSEUM
(BRIEF FOR PRIME MINISTER'S VISIT, 9 SEPTEMBER 1980)

Structure, Organisation and Buildings

The British Museum was founded by Act of Parliament in 1753 and is now governed under the British Museum Act, 1963. General management and control are vested in a Board of 25 Trustees (14 appointed by the Prime Minister).

The Museum is funded by Parliamentary vote and has devolved powers. The Vote for 1980/81 for general expenses, including salaries, is £7.8M. The Vote for the purchase of objects is £1.5M.

The main Museum buildings are in Bloomsbury. The core consists of buildings of a floor area of c. 600,000 sq.ft. designed by Sir Robert and Sydney Smirke and erected between the 1820s and 1850s. Major subsequent additions (totalling c. 340,000 sq.ft.), consist of the Classical Sculpture Galleries 1860-70, the White Wing 1884, the King Edward VII building 1914, the Duveen Gallery (housing the Elgin Marbles) 1939 (not occupied until 1962 because of war damage) and the New Wing 1979/80. Forty per cent of this space is used by the British Library.

Subsidiary buildings include the Department of Ethnography in Burlington Gardens (The Museum of Mankind). Other buildings, mainly in East London, are used for workshops and storage.

The freehold of the Bloomsbury site, including the main buildings and surrounding properties, is vested in the Trustees. The natural history collections moved to South Kensington in the 1880s and now form a separately governed independent body. The Library departments of the British Museum became absorbed in the British Library when this was created in 1973, but have remained on the Museum site.

The Museum comprises eleven departments: nine antiquities departments, a research laboratory, and a department of conservation. There is also a central administrative group. The total staff is just over 1,000.

Attendances

In 1978 there were about 4 million visitors to the Museum. This dropped to well over 3 million in 1979 in line with the decrease in the tourist trade. Following the successful Vikings exhibition (460,000 visitors) attendances should be back to about 4 million in 1980.

Minor Works and Maintenance

Building works are funded mainly by DOE/PSA. Day-to-day maintenance for 1980/81 is estimated at £650,000, major maintenance schemes will cost £300,000. Minor new works cost about £300,000 annually.

Public funds are at present not sufficient for all maintenance and minor new work. The roofs need constant attention, which they do not always get; in some parts war-damaged roofs have only been replaced by temporary, inadequate structures; redecoration is infrequent; and the Fire Officer's recommendations cannot always be implemented. Minor conversions are often difficult to arrange (we have recently, for example, had to raise private funding for urgent refurbishing of a small amount of storage space).

The Museum is at the moment considering the appointment of Clerks of Works and a consultant architect to oversee the varied jobs which demand attention.

Major Works and their funding

Three major projects are in hand.

1. The remodelling and extension of the Egyptian Sculpture Gallery.
2. The conversion of storage basements into the Wolfson Galleries of Classical Sculpture.
3. The construction of a purpose-built laboratory block to bring together the 60+ conservation officers at present working in laboratories and workshops in scattered and unsuitable corners of the Museum buildings.

The first of these projects is being financed on a shared basis by PSA and private donors. The second is largely funded by a grant from the Wolfson Foundation. The third is a large project (indexed at £5-£6M) the cost of which the Trustees will seek largely from private and institutional donors, although they would hope to come to government for a contribution.

The Trustees cannot, however, rely on funds being available in future from private sources on this scale; and there will be a continuing need for substantial public expenditure on the British Museum if it is to continue to provide its high standard of public service.

In particular, expenditure will be required for such projects as the extension of storage and office space for perhaps the largest collection of coins and medals in the world, which is facing new problems of expansion of a formidable nature.

THE TOUR

Leaving the Director's Office.

1. Coffee Shop

Part of the New Wing (1980). The Wing also contains an exhibition gallery, workshop, staff restaurant, offices and boardroom. Cost - approximately £4 million, provided from public funds.

2. (a) Greek and Roman Ground Floor Galleries (1860-70s remodelled 1960s)

Some of the finest Classical galleries in the world. The galleries are difficult to maintain, and some badly need redecorating. Water continually leaks through the roof and the basements have been flooded. The Trustees are planning to install a mezzanine above Room 3 for Coins and Medals Department and to open a basement below for the display of Greek vases. (The Department has other galleries on the first floor.)

(b) Greek and Roman Basement Galleries (1975)

The Architecture Room demonstrates the successful and economical conversion of storage space into a public gallery. The Primary Inscription Room, now being completed, is the first stage of a project for opening up the adjoining basements for the Townley collection and other Classical sculpture which has not been available to the public in some cases for more than a century. This work is largely financed by the Wolfson Foundation.

3. Egyptian Sculpture Gallery

Remodelling of a 45 year old exhibition, including the addition of small 'side chapels' to extend the gallery. This work is being financed by Government and by private donors on a shared basis.

4. Postcard Gallery

Sale and production of publications and reproductions is undertaken by British Museum Publications Ltd, an independent company owned by the Trustees. The Company was founded six years ago in order to finance the publication of research and other publications without recourse to public funding. The turnover is now well over £1M. The learned productions of the Museum are without parallel in the world and this reputation could not have been preserved without the Trustees' initiative in founding this Company.

5. Front Hall

Although the interior was remodelled in 1976, this area becomes excessively congested as large numbers of visitors attempt to orientate themselves. A hall built for annual attendances of less than $\frac{1}{2}$ million now has to accommodate up to 4 million.

6. Reading Room (1857)

(See appended note.)

7. North Library (1914)

Used by readers working on incunabula and other rare books.

8. Oriental Gallery I (1914)

Attracts fewer visitors than it should due to the tortuous access from the main entrance.

9. King Edward VII Bridge

Exhibition space used by the British Library. One of the only two public routes, both at the upper level, between the north and south sides of the Museum.

10. The King's Library (1827)

Houses the library of George III. The Trustees are conscious that this is one of the most magnificent rooms in London and intend to ensure that its appearance is preserved when the British Library moves.

11. Manuscripts Saloon and Grenville Library

Used by the British Library for exhibitions and book storage. Leading off this area are the students rooms of the British Library Departments of Manuscripts and Oriental Manuscripts and Printed Books; these impinge on over-crowded Museum Departmental areas. This area would be used to house the Department of Ethnography when the British Library moves.

Return to Director's Office via Front Hall and Postcard Gallery.

THE BRITISH MUSEUM
TEMPORARY AND SPECIAL EXHIBITIONS PROGRAMME

1980 - 1985

Special Exhibitions Gallery

16 April - 15 September 1981	Celts in Gaul
1 July 1982 - 8 January 1983	Great Moravia
Easter 1983 - end 1983	British Archaeology
1984 and 1985	Gallery closed for refurbishing

New Wing Gallery

5 June - 26 October 1980	The Ancient Olympic Games
mid February - late June 1982	Egypt Exploration Society Centenary
1 June - 26 September 1983	Cycladic (Goulandris loan)
1984	Medieval Bulgaria
1986	Coin Exhibition (International Numismatic Congress)
No date arranged	Chinese Bronzes

Prints and Drawings Gallery

12 June - 5 October 1980	Japanese Prints: 300 Years of Books and Albums
16 October 1980 - 12 April 1981	British Figure Drawings
	Dutch Landscape Prints 1590-1660
	Watteau Drawings
Spring 1981	New Acquisitions
Summer 1981	Turner and the Sublime
Autumn/Winter 1981	Italian Drawings from the Collection of the late Frits Lugt
	Goya Prints from the Tomas Harris Collection
Spring 1982	Views of Rome
Summer/Autumn 1982	Raphael Drawings from British Collections
1983	Buddhism (Joint BM/BL)
Autumn 1984	

Oriental Gallery II

12 June - 5 October 1980	The Varieties of Western Woodcut
16 October 1980 - 12 April 1981	Asian Arts - New Acquisitions 1970-1980
May 1981 - end September	Princely Paintings from Mughal India - (Bradford Exhibition) and selected oriental paintings
	Arts of Tibet
October 1981 - March 1982	Ming Painting
Summer 1982	Islamic Painting in the 14th Century
Summer 1983	Buddhism (Joint BM/BL)
Autumn 1984	

Oriental Gallery III

Spring 1982	From Village to City in Ancient India Indian archaeological exhibition (subject to gallery renovation plans)
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Museum of Mankind

Rooms 2-5

14 February 1979 - end September 1980
19 February 1981
End 1982 - 1984

Captain Cook in the South Seas (EM/BL)
Asante: Kingdom of Gold
Tropical Rain Forests of South America

Room 7

December 1979 -

African Textiles (part)

Room 9

7 February 1980 -

Art made for Strangers: Haida Slate Carvings
from British Columbia

Room 10

1982
1983

Aborigines
American Eastern Woodlands
Micronesia

Room 11

Solomon Islands

Room 13

December 1979 -

African Textiles (part)

Room 14

Spring 1982

Yoruba
Vasna: Village life in Gujerat

Room 15

Moche Pottery

Other projects

Mid 1980s

Bemba
Bakuba
Select societies
Baluchi textiles - in abeyance

1.9.80

APPENDIX I

1. The British Museum's relationship with the British Library

The British Library occupies approximately 40% of the British Museum's buildings at Bloomsbury. If the Museum is to retain its long-standing pre-eminent position in the world it needs the space now occupied by the Library. The removal of the Library to the proposed new building in Euston in the 1990s is therefore of fundamental importance for the future development of the Museum itself. Specifically:

- a. Space is required for the display of objects from collections which now are not properly represented in the public exhibitions. The Museum's ability to put objects on exhibition is a major factor influencing donors who are thinking of presenting private collections to the nation.
- b. Some existing exhibitions are over-crowded and other collections need to be displayed in a more logical sequence.
- c. The Ethnography Department should return to Bloomsbury where its collections can be seen in their proper historical and cultural context.
- d. Only by opening up the Reading Room and the North Library can visitors circulate freely at ground level.
- e. The Museum is not just a place of public exhibition. It provides facilities for scholars from all over the world wishing to work on objects in the collections; these facilities are inadequate and could be easily improved in space now occupied by the British Library.
- f. It is not possible or necessary to display publicly every object in the collections; but better storage facilities, accessible to scholars, are required for study collections. This also could be provided by British Library space.
- g. Improved office accommodation is required for curatorial staff, now often inadequately housed; and this, again, could be provided from British Library space.

2. The Future of the Reading Room

The Trustees are very conscious of the regard in which the Reading Room is held by some scholars; but its future is only one factor which they have to consider in relation to the future use of the Bloomsbury buildings as a whole. It is too soon to take a final decision about the alternative use to which the Reading Room should be put; but the Trustees see it as providing essentially the focal point which the Museum so desperately needs. Its architecture and history would be respected; and its grandeur would be seen and appreciated by visitors generally and not, as now, by the few. It would relieve the increasing congestion of the Museum, by ensuring an orderly patterning of movement. And it would make a splendid setting for some of the major treasures at present hidden in storage. The most striking possibility, and that at present favoured by the Trustees, would be for the display of the Museum's unrivalled collection of Indian sculpture - particularly the famous Amaravati pieces.



Arts & Amenities 2
PRINCE OF WALES

WHITEHALL LONDON SW1

Chancellor of the Duchy of Lancaster
and
Minister for the Arts

20 August 1980

Prime Minister

The Rt Hon John Biffen MP
Chief Secretary
HM Treasury
Whitehall
LONDON SW1

Mr St John Stevas is having a battle with Mr Biffen over the next stage of the British Library. He may try to bring it to you for adjudication.

By air J.R.

M

MJP 27/8

BRITISH LIBRARY:
EUSTON ROAD BUILDING

1. When I wrote to you on 20th March, saying I hoped that we would be able to make an announcement soon that we were authorising commencement of work on Stage 1AA of this building, I set out in that letter what I saw as the main case for going ahead. Since then, officials have done more work, especially on the economics of the project, but although the officials have picked up most of the points from my original note in their subsequent work, I still stand by what I said on 20th March as being the real core of the problem. I have, therefore, enclosed at Annex A a note which contains the arguments as I then put them to you, and an additional note on the importance of the Library's information retrieval activities, in which the Select Committee has been showing a great interest.

2. In your letter of 2nd April you asked that you and my officials, together with the PSA, should produce a further paper exploring in more detail the financial implications of the project and of the other options open to us in respect of the future provision of accommodation for the British Library. This has been done, and a copy of the officials' paper is also attached, at Annex B.

3. I think that these two papers provide us with all the information which we need for a decision, and I hope that we shall now be able to approve a start being made on the project as soon as possible. The Select Committee on Education, Science and Arts has recently published a special report stating its view that the services provided by the Library to its users at home and abroad will substantially and rapidly deteriorate unless a decision is taken very quickly to proceed with the first stage of the new building.

Contd

4. One point which I should clear up concerns the present British Museum Reading Room. In fact the first stage of the new building does not affect this fine room, for which I have the utmost regard and affection. But in any case there is no question that this room will be destroyed, or put to some inappropriate use, even when the new Library building is completed. The Trustees of the British Museum have made it clear that they will continue to maintain much of the room's present appearance, with the books in place, and will use it as a showpiece. Lord Trend has made this point to the Prime Minister. He has also stressed to her the enormous benefits for the British Museum, allowing it to develop logically within the present building, which will result from the British Library having a new building.

5. I therefore hope that you will be able to agree that resources should be made available so that I can make a statement as soon as possible that the scheme as revised should begin. I should of course propose to consult the Prime Minister and the Secretary of State for the Environment, as well as yourself, before making any announcement, and I am sending them copies of this letter.

John ...

NOTE BY THE CHANCELLOR OF THE DUCHY OF LANCASTER ON THE CASE FOR
THE NEW BRITISH LIBRARY BUILDING

1. The British Library at present occupies seventeen different buildings scattered over different parts of London, and a substantial part of its holdings, including those kept adjacent to the British Museum Reading Room, is stored in quite unsuitable conditions. The longer this state of affairs continues, the more the Library's book stocks (some of which are irreplaceable) will deteriorate, as will the service to readers, and there will be an increasing need for expenditure in order to prevent the standard of existing accommodation and service falling even further below the level desirable. Even critics of the new building agree that the Library cannot manage in its present buildings and there is general agreement that building on the Euston site provides the right answer.
2. The site at Euston Road has been cleared as a preliminary to work starting on the first stage of the new building, which was authorised by the previous Government at a cost of £74 million at 1977 prices. Provision has been made in PESC for work on the first stage, but this stage is expected to take about twelve years to complete and so involve expenditure beyond the end of the PESC period. The cost of Stage 1A at September 1979 prices is £113 million.
3. Inevitably a building of this kind will be expensive, although not by comparison with other recent buildings of a similar scale. The present design is essentially functional, and special care has been taken to ensure that costs remain under full control. It has been agreed, and the Library accepts, that the estimated cost of the building as planned will be regarded as a firm cost limit, subject only to the effects of general price changes. Any later variations in design will be accommodated within this figure. Moreover, completion by a specified date will not be regarded as an overriding factor: unforeseen snags will if necessary be dealt with by lengthening the construction period rather than by making additional resources available. Finally, of course, the net present cost is only about £50 million when the expense of maintaining the Library in its present accommodation, and adding to this on an ad hoc basis, is taken into account.
4. I have however been concerned about the scale of the first stage of the building as agreed by the previous Government. Although there is a limit to the extent to which projects of this sort can be broken down into discrete parts, my officials and Michael Heseltine's have re-examined the scheme with the consultant architects. They have found that it is possible to subdivide the first stage of the new building, in such a way as to reduce our initial commitment, and to offer the possibility, if work started next year, of a usable area of book storage, together with the reader and staff services to accompany it, being handed over in successive units between 1987 and 1990. The cost at this first stage would be about £53 million (at September 1979 prices) together with something in the region of £19 million for furniture and equipment fees. Details of the spread of this expenditure are given in Annex B.

For the period up to and including 1983-84, the required expenditure is covered by my Office's PESC provision. After that date, on the assumption that provision continues after 1983-84 at the level for that year, the costs of the scheme could be contained within it up to and including 1985-86. But after that year something like an additional £26 million would be needed spread over four to five years.

5. This plan would leave open for further decision, to be taken in 1984, the question of proceeding with the rest of the first stage. A decision to begin work in Stage 1AA would imply a commitment to Stage 1AB, which would include more in the nature of readers' services and is, at least in the longer run, a necessary complement to Stage 1AA. It would, however, enable the timing of that stage to be decided in the light of economic circumstances. If it were decided to go ahead with Stage 1AB in 1984, that would mean an extra £40 million of expenditure between 1984 and 1992.

6. One advantage of this scheme is that it leaves time for further discussion of the future use of the British Museum Reading Room. Some academic critics of the new building have made the need to retain this room the main plank of their opposition to the scheme. In so doing they are in my view showing a misunderstanding of the real needs of the Library, which involve far more than the provision of a fine room to readers. Lord Trend has assured the Prime Minister that the Museum will make suitable use of the Reading Room. The new scheme for the Library will enable us to say that we are getting on with solving the Library's urgent and undoubted needs, and that there will be opportunities for further discussion of the ultimate destiny of the Reading Room.

7. Although the need to preserve the Library's precious collections is an important factor in the case for a new building, it is by no means the only one. The Library is in the forefront of developments in information retrieval. Its information services are of major importance to our industrial future. The Science Reference Library, which provides a vital service to the scientific and patent communities, is at present dispersed over several different sites. If these separate elements could be brought together a far more effective information service could be provided. The Library is constantly evaluating the development of new technology in this area. It has developed and is operating its own computerised information systems, and it is the main centre of, and source of support for, research in this country in information storage and retrieval. The proposal to build the new Library in separate stages will have the advantage of allowing the rapid developments in this area to be kept under review so that the Library can provide the most effective service.

8. I must emphasise that, even though significant expenditure will not be incurred for some years, a decision on this project cannot be deferred any longer. Any postponement would involve the break up of the design team and the abandonment of the present scheme, and the consequences for the Library would be very serious. Other options have been discussed in the past, but the only practical solution has been seen to be in a new building in Central London. It is not possible to improve the Library's present facilities

to any significant extent; the considerable sums which would have to be spent on unsatisfactory storage space elsewhere, if it were decided not to proceed with the project, would not prevent the further decay of the bookstock. This is a substantial element of the national heritage and its preservation, together with the positive values for industry and science as well as for the English language and literature constitute an overwhelming case for starting on the scheme. If we hesitate now and the present scheme collapses, it will take a generation before a fresh start can be made. No time is ever ideal for starting on a major enterprise of this sort. A positive decision requires faith in the future, and in my view this scheme will help to demonstrate our conviction that our policies will be successful.

NOTE BY OFFICIALS ON THE BRITISH LIBRARY NEW BUILDING

1. The essence of the case for the new British Library, Euston Road building is that it represents the only practical possibility of providing a proper national library for this country, which is the literary, linguistic and cultural centre of the whole English-speaking world. The Library is the centre and the living embodiment of the Anglo-Saxon literary heritage: it is housed in 17 ill-adapted buildings scattered throughout London, suffering increasing deterioration to its collections and inconvenience to its users. The figures given in this note show the costs - at net present value - of the few options which might seem to be open to the Government. In fact only 2 options have any immediate practical meaning: they are to go ahead now with a start on a limited first sub-stage of the building (and consider in due course when to complete that stage), or to cancel the project. The difference between these options in terms of quantifiable costs is about £40-50m (depending on whether or not one includes the second sub-stage); the question at issue is therefore whether the country's need for the Library is worth £40-50m, much of which, even on present assumptions, is likely to be contained within OAL PESC without the need for special help.

2. The attached Tables show the different sets of costs involved for the following options: first, building Stage 1AA and 1AB consecutively without any break; second, building stage 1AA and postponing Stage 1AB indefinitely; third, erecting a similar building elsewhere in London, or outside London; and, fourth, cancelling the project. These calculations are based solely on quantifiable factors. There are various refinements which could be made to them, which would if anything tend to reduce the apparent costs of the Euston Road building; for example it would free for other use certain Crown freehold properties; although no cash flows would

result, some value would really have to be put on the space made available.

Moreover the costs of building on alternative sites are lower in net present value terms simply because the need to find a site would lead to a later start. The PSA in any case do not know of any alternative site in Central London, so that option cannot be regarded as a starter.

3. These figures answer, so far as is possible, the question which the Chief Secretary raised in his letter of 2 April to the Chancellor of the Duchy of Lancaster. As was recognized in that letter, the case for the British Library's new building cannot be stated in simple commercial terms. The benefits to be derived from it are for the most part not fully quantifiable, but, arguably, well worth the cost. The case for the new building was fully set out in the Chancellor of the Duchy's letter of 20 March to the Chief Secretary. It is founded on the need to house the collections, the readers and the staff of the Reference Division in one building, in conditions conducive to conservation of the collections. It may however be useful to stress again one or 2 particular points.

4. Firstly, it should be quite clear that the choice to be made is between going ahead with Stage 1AA and cancelling the project. No alternative Central London site is available, and although the Tables give costs (based, incidentally, on lowest possible site costs) for a building on a "greenfield" site this is hardly a serious proposition. For one thing, it would go against the recommendations of the National Libraries Committee in 1969. Secondly, there would be substantial specific unquantifiable costs attached to it; these would include the costs to the patent community whose work depends on having immediate access to the Library, and to other users who would be forced to travel to it, as well as to the other (public funded) institutional libraries in London which would have to improve their own holdings to make up for the Library's disappearance from London. Nor can a further

deferment of the project be considered because it would in effect be likely to amount to cancellation; the design team would inevitably break up and there would be strong pressure to dispose of the site if it were not to be used soon.

5. We therefore have to consider the effects of cancellation. There are various specific consequences which can be itemised as follows:

a. The current effort to conserve the collections is not keeping pace with their deterioration. New damage becoming manifest annually is estimated at £1-2 million and this is likely to increase. There is an experimentally determined relationship between paper permanence and conditions of storage; occupation of an air-conditioned building would mean a reduction of the new damage becoming manifest in poor paper of recent manufacture. This would limit the growth of the queue for conservation microfilming (which is expensive) and would divert labour-saving resources away from the individual repair of publications of large bulk and lower financial value towards a concentration of older and more expensive books. Many of the Reference Division's holdings of 10 million books are very valuable, and it must be stressed that the loss to the heritage which would occur if they were to become unusable would far exceed any cash value placed on them. Many are irreplaceable. The annual expenditure on the first stage is therefore small in comparison with the need to protect the Library's collection worth £1,600 million, even if the actual annual costs of deterioration over the period cannot be quantified.

b. Apart from conservation, cancellation would inevitably lead to a deterioration in present levels of service. The Tables show that the Library would have to occupy several extra buildings by the year 2000. It already occupies 17 in London. Even assuming that suitable new buildings

could be found, which present evidence shows to be doubtful, this is bound to affect levels of service. To the costs of cancellation one should therefore add an appreciable inefficiency factor, in terms of both use of space and of staff. A fragmented library which readers have to visit in more than one space does not provide the unified facilities which the collections were expressly brought together to provide.

- c. The Science Reference Library, whose technological and patent collections are essential to the competitiveness of British industry could not be accumulated on one site. Patent agents, solicitors and technical information staff do not have the time to make effective use of a library which has too much material on closed access and is also scattered across London.
- d. The present limit on the British Museum's activities caused by the Library's occupation of part of the Museum building would continue. Lord Trend has already stressed to the Prime Minister that the Museum would be able to give up some buildings (with a consequent financial benefit) if the new Library building went ahead.

6. More generally, cancellation would mean that we would lose the opportunity to secure the British Library's place as the major Library of the English-speaking world. It has been doing its best to maintain this position, despite the difficulties. However, there must be limits to its ability to do so as it becomes fragmented across more and more sites, with consequent loss of efficiency and morale, and continued deterioration of its collections. For this reason, we regard it as essential that approval should be given to work beginning on Stage 1AA. A decision on the timing of Stage 1AB does not have to be taken until 1984, although it is fair to say that

the project could not be limited indefinitely to Stage 1AA; there would inevitably be pressure for the readers' services etc which Stage 1AB would provide and which, at least in the longer run, make it a necessary complement of 1AA.

OPTION 1: BUILD STAGE 1A, staged as proposed in 1979 feasibility study

	Year	Year	Exp	Saving
1. Construction, etc costs. (figures as shown in feasibility study option 6 - alternative programme 4 at 3Q 1979 prices)	80-1	0	2,081	
	81-2	1	3,837	
	82-3	2	7,162	
	83-4	3	2,915	
	84-5	4	2,938	
	85-6	5	7,882	
	86-7	6	13,470	
	87-8	7	18,414	
	88-9	8	12,855	
	89-90	9	14,353	
	90-1	10	13,723	
	91-2	11	8,375	
	92-3	12	3,262	
93-4	13	3,065		
2. Running costs of existing buildings during construction	80-1	0-11	3,250	
	to 91-2			
	92-3	12-13	1,775	
3. Running costs of buildings to be given up	to 93-4			
	92-3	12-13	-	1,475
	to 93-4			
	94-5	14-19	-	3,250
	to 99-2000			
4. Running costs (including rent) of Euston	92-3	12-13	700	
	to 93-4			
	94-5	14-19	1,280	
	to 99-2000			
NPV			103,851	7,695
Net cost at NPV				96,156

Notes:

- Running costs of existing buildings taken from Schedule attached to BL Letter dated 21 May 1980, with allowances for maintenance costs of Novello House and Micawber St. (£1.50 per sq ft)

2. Running costs of Euston	-	Maintenance	£m
		Fuel	.870
		Cleaning	.225
			.185
			<u>1.280</u>

OPTION 2: BUILD STAGE 1AA

	Year	Year	Exp	Saving
1. Construction, etc costs. (including the fitting out of 3 basement levels and, in year 10, £1m extra for 1AB superstructure)	80-1	0	1,726	
	81-2	1	3,196	
	82-3	2	6,636	
	83-4	3	2,347	
	84-5	4	2,225	
	85-6	5	5,601	
	86-7	6	10,704	
	87-8	7	16,135	
	88-9	8	12,100	
	89-90	9	4,717	
	90-1	10	3,400	
91-2	11	2,676		
2. Running costs of existing buildings during construction	80-1	0-11	3,250	
	to 91-2			
3. Running costs of buildings retained after construction (£3,250 less £1,475 - see note 1)) 92-3	12	(1,775	
) to	to	(
4. Running costs of buildings given up)		(
)		(-	1,475
5. Running costs of stage 1AA (pro rata 1A) 99-2000	19	(700	
NPV			82,546	4,184
Net Cost				78,362

Notes:

1. Cost of buildings given up as follows:

470,000 sq ft total	x	£1.50 mtce	=	.705
less 250,000 sq ft rent free in BM				
<u>220,000 sq ft rent</u>	x	£3.50	=	<u>.770</u>
				<u>1.475</u>

2. Cost of fitting out 2 basement levels (£5.136m) EXCLUDED

OPTION 3: BUILD ELSEWHERE IN CENTRAL LONDON a building equivalent to Stage 1A

	Year	Year	Exp	Saving
			£000	
Sale of Euston Site	80-1	0		6,000
Outstanding Fees for Euston Scheme	80-1	0	1,400	
Survey/Feasibility study of alternative sites	81-2	1	100	
Purchase of Site	82-3	2	6,000	
Design etc costs	81-2 to 84-5	1-4	500	
Construction, etc costs (as per option 1)	85-6	5	2,084	
	86-7	6	3,837	
	87-8	7	7,162	
	88-9	8	2,915	
	89-90	9	2,938	
	90-1	10	7,882	
	91-2	11	13,470	
	92-3	12	18,414	
	93-4	13	12,855	
	94-5	14	14,353	
	95-6	15	13,723	
	96-7	16	8,375	
	97-8	17	3,262	
	98-9	18	3,065	
Running Costs of existing buildings	80-1 to 96-7	0-16	3,250	
	97-8 to 98-9	17-18	1,775	
Running Costs of buildings given up	97-8 to 98-9	17-18	-	1,475
" " " " " "	99-2000	19	-	3,250
Running Costs of new building	97-8 to 98-9	17-18	700	
	99-2000	19	1,280	
			95,279	7,802
NPV				
Net Cost				87,477

Notes:

1. PSA are not aware of any sites of equivalent size in Central London
2. Site sale value assumes planning permission stands for light industrial/office use:
Sale value for residential purposes only would be approximately £2m

OPTION 4: BUILD ELSEWHERE - OUTSIDE LONDON

	Year	Year	£000 Exp	Saving
Sale of Euston Site	80-1	0		6,000
Outstanding Fees for Euston scheme	80-1	0	1,400	
Survey/Feasibility study of alternative sites	81-2	1	100	
Purchase of site (15 acres @ £60,000)	82-3:	2	900	
Design etc costs	81-2 to 84-5	1-4	500	
Construction, etc costs	85-6	5	1,813	
	86-7	6	3,338	
	87-8	7	6,231	
	88-9	8	2,536	
	89-90	9	2,556	
	90-1	10	6,858	
	91-2	11	11,172	
	92-3	12	16,020	
	93-4	13	11,184	
	94-5	14	12,437	
	95-6	15	11,939	
	96-7	16	7,286	
	97-8	17	2,838	
	98-9	18	2,667	
Running Costs of existing buildings	80-1 to 96-7	0-16	3,250	
" " " " "	97-8 to 98-9	17-18	1,775	
Running Costs of buildings given up	97-8 to 98-9	17-18	-	1,475
	99-2000	19	-	3,250
Running Costs of New Building	97-8 to 98-9	17-18	700	
	99-2000	19	1,280	
NPV			83,931	7,802
Net Cost			76,129	

OPTION 5: CANCELLATION

				\$000	
	Year	Year	Exp	Saving	
1. Consultants fees for Euston project	80-1	0	1,400	-	
2. Sale of Site	80-1	0	-	6,000	
3. Running Costs of existing buildings	80-1	0	3,250	-	
4. Additional Office Building (30,000 sq ft)	99-2000	19			
1. Rent	84-2000	4-19	150	-	
2. Capital Costs	85-6	5-6	150		
3. Maintenance	87-2000	7-19	45		
5. Additional Storage Space (100,000 sq ft)					
1. Rent	87-2000	6-19	130		
2. Capital Costs	88-9	7-8	500		
3. Maintenance	90-2000	9-19	150		
6. Additional Office Space (30,000 sq ft)					
1. Rent	84-2000	9-19	150		
2. Capital Costs	90-1	10-11	150		
3. Maintenance	92-2000	12-19	45		
7. Additional Storage Space (100,000 sq ft)					
1. Rent	93-2000	12-19	130		
2. Capital Costs	94-5	13-14	500		
3. Maintenance	96-2000	15-19	150		
8. Additional Office Space (30,000 sq ft)					
1. Rent	95-2000	14-19	150		
2. Capital Costs	96-7	15-16	150		
3. Maintenance	97-2000	17-19	45		
9. Additional Storage Space (100,000 sq ft)					
1. Rent	99-2000	18-19	130		
2. Capital Costs	2000	19	500		
	NPV		44,515	6,000	
	Net Cost		38,515		

File

EK

Arts & Amembus

21 July 1980

I thought I should let you know that the Prime Minister is to see Sir Frederick Dainton of the British Library Board on Tuesday, 16 September at 1500 hours, at 10 Downing Street.

We will require a full brief to reach this office no later than Friday 12 September. In the meantime I am enclosing a copy of Sir Frederick's original letter as guidance for your brief.

CAROLINE STEPHENS

Miss Mary Giles,
Chancellor of the Duchy of Lancaster's Office

file

R/K

21 July 1980

Further to my conversation with your Secretary today I am writing to confirm that the Prime Minister is looking forward to seeing you at 10 Downing Street on Tuesday, 16 September at 1500 hours.

CAROLINE STEPHENS

Sir Fred Dainton, FRS



file

cc. CDK

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10 DOWNING STREET

THE PRIME MINISTER

15 July 1980

Dear Fred,

Thank you for your letter of 9 July requesting to come and see me about the building of part of Phase 1A of the British Library Building at Somerstown.

I would like to see you sometime to discuss this, but my diary between now and when the House rises really is very overcrowded. I gather that there are no burning decisions that have to be taken immediately and therefore wonder if we could perhaps arrange something for the early part of September as I am hoping to get away for a week in August. Perhaps your office could contact Caroline Stephens on 930 4433 to arrange a mutually convenient date.

(Signed MT)

Sir Fred Dainton FRS

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10 DOWNING STREET

PRIME MINISTER

The attached letter^{9.7.80} from Sir Fred Dainton asks if he might see you to discuss the British Library building at Somerstown. I have sought advice from the Chancellor of the Duchy of Lancaster's office and they would be very happy for you to see Fred Dainton if you can. They would of course supply us with a full brief.

Agree?

*Somerset - but not yet
OK.*

10 July 1980

Caroline - Sent okay

MA



The British Library Board

Store Street
London WC1E 7DG

Telephone 01-636 1544

9th July, 1980.

The Rt. Hon. Mrs. Margaret Thatcher,
10 Downing Street,
London, S.W.1.

Dear Prime Minister,

I am writing to ask whether you would be kind enough to see me for a few minutes so that I can explain to you the need for a prompt and favourable decision on the revised plan for the building of part of Phase IA of the British Library building at Somerstown. The Library is one of the greatest storehouses of knowledge in the world and I ask because the present arrangements are wasteful, lead to a service which is less efficient than it should be and which does not exploit our resources to the full and also, give us no hope of conserving a large part of our holdings. Moreover, although there is ample objective information about our problems and therefore also about the possible remedies, considerable misconceptions still exist. Some of these misconceptions are, I believe, partly due to the fact that the cause of the deterioration of our holdings is chemical in origin and therefore, whilst readily comprehensible to us as chemists, may not so easily be grasped by others.

I would also like to tell you briefly of a most imaginative venture started by a group of distinguished Americans who have founded the American Trust for the British Library. A copy of the brochure describing this Trust is enclosed.

I do hope it will be possible for you to see me for a few minutes because I know that my Board is very anxious that I should make some representations to you.

Yours sincerely,

Fred Dainton.

THE
AMERICAN
TRUST
for the
BRITISH
LIBRARY



THE
AMERICAN TRUST
for the
BRITISH LIBRARY

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20 Ware Street—Suite 14
Cambridge
Massachusetts 02138
(617) 864-9259

Mailing Address

Post Office Box 463
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Massachusetts 02138

The Trust is a tax-exempt organization.

ON 31 January 1759, five years before the Stamp Act was passed, the British Museum opened the doors of its library (now part of the British Library) to the public. For over two centuries it has welcomed readers, casual and learned, from all over the world. In 1850, within the space of a few months, the aged and distinguished William Hickling Prescott and the young and unknown Karl Marx each entered it for the first time. The 220 years since 1759 have seen the development of a second English-speaking nation, far larger in size, much larger in population, than the country from which it sprang. The

growth of the British Library and growth of the United States of America have advanced together. It is no exaggeration to say that nowhere, outside the United States itself, are there richer resources for the study of the nation's evolution. Here the intellectual bond between the two countries has been given a lasting strength. The American Trust for the British Library has been created to provide public and formal acknowledgement of that bond and to increase its value for the growing millions whose first or second language is English.

WHY do American students and scholars come to the British Library in such numbers? Its resources, the miles of printed books and the millions of manuscript documents, from remote antiquity to the present date, make it one of the greatest research libraries in the world. But its special appeal for American scholars was ensured by the calculated and far-sighted plan of its greatest librarian, Sir Anthony Panizzi (1797-1879), an Italian refugee who saw more clearly than his English-speaking contemporaries what rich mines for scholarship his adopted language was open-

up. His first demand was for extra purchase funds. In 1846 he got them, £10,000 a year, an astronomical sum at that time. His second act was to enlist a young American bookseller, as imaginative, energetic and sharp as himself, Henry Stevens of Vermont, the "Green Mountain Boy" as he proudly styled himself. Stevens had already begun to make inroads into the established European book trade on behalf of American libraries. Panizzi now ordered him "to sweep America for us as you have done London for America." Stevens's sweep embraced old books and new, from the great classics of discovery to the latest reports of the legislature in the newest state. Between 1850 and 1880, in the space of only thirty years, the Library's holdings in this field were increased many fold, to make it far and away the biggest and finest collection of material on, or printed in, America anywhere in the world outside the United States.

Even before Stevens commenced his tremendous task, the collections on America had begun to take shape. Still to be found on a single shelf and in the catalogue order that Prescott would have found in 1850, there is the first history of California (Madrid, 1757); Williams's *History of Vermont*,

printed at Walpole, New Hampshire by Isaiah Thomas in 1794; and a guide book to the Niagara Falls, with a colored panorama, bought new in 1846. All these books, and those that Stevens added, represent a vision of America both wide and knowledgeable. It involved a prodigious investment, not so much of money, as of time and fascination with a distant country. It was an act of faith in the republic that was growing so rapidly across the Atlantic, an act which deserves recognition in return.

DURING a later period, however, this scale of acquisition was not maintained. In 1887 the Library's annual purchase grant was nearly halved, and not until the 1950's were funds again made available to collect American material on a satisfactory scale. The effect of this long period of relative neglect was augmented by loss through World War II bombing of six thousand volumes in the American collections. As a result of these limitations and losses, there remain considerable gaps which are an impediment to the most effective use of the Library by those engaged in United States studies.

Moreover, it is not simply a significant book by one or two famous authors that is missing: the holdings are far from satisfactory in a wide range of publications of every kind, such as learned journals, magazines, and newspaper files; books, not just on the humanities and social sciences, but covering the vast range of scientific and technical subjects, fields in which American research and publication have been singularly important; a mass of official documents from federal, state and local governments.

THE AMERICAN TRUST will enable the British Library to make up the ground lost between the 1880's and the 1950's and during the Second World War. The object will be to acquire materials in all the fields listed above that will reinforce the Library's position as the greatest resource outside the United States for research into every aspect of American life and thought. The primary intention of the American Trust, therefore, is to raise funds for the purchase of publications which the Library has never possessed and for the replacement of those lost in the last war.

MUCH of the material required is either unavailable on the market in its original form or was printed on paper now so fragile that oftentimes it can only be provided in some kind of photographic reproduction. Moreover, even books on paper that seems strong enough now will deteriorate in the future. As the originals will be sought in American libraries, the process of reproduction will serve a double purpose. Not only will the British Library have its copy: the fact of reproduction will make possible the provision of other copies and will thus contribute to the preservation of the disintegrating research materials published during the last hundred years. As preservation has been a matter of anxiety for librarians for many years, this new prospect will be universally welcomed.

THESE, then, are the objectives of the American Trust. They will be complemented by the active participation of the British Library Board itself. The Library will direct its own resources toward their fulfillment, in terms of space, fi-

re, and administrative support. Quite apart from the Library's own support, other British institutions will play their part. The Leverhulme Trust has granted nearly \$120,000 which has made possible the appointment of additional research staff who are working with the Library to draw up as quickly and reliably as possible the lists of materials to be acquired. The aim is to list not only all necessary American publications, but works on America published outside the United States and American writings on subjects unconnected with the country itself. This special staff will also prepare a comprehensive guide to the American collections in the British Library.

The British Library Board and the Trustees of the American Trust, in addition to looking to corporate and individual benefactors, confidently expect that many of the thousands of Americans who have used the British Museum Library and other collections in Great Britain will want to express their gratitude by making contributions through the American Trust.

It is the conviction of the Trustees of The American Trust for the British Library that the study and com-

prehension of United States history, literature, science, technology, and of American influence throughout the world have never been so significant as they are now to Anglo-American understanding, nor so crucial to the continuance and spread of the values on which the English-speaking peoples have built their cultures and their societies.

"The American Trust for the British Library is more than an agency for furthering Anglo-American scholarship. The British Library is a center for students from all over the world, most of whom will never be able to study in the United States. The more complete the Library's American collection, therefore, the broader the understanding of American life throughout the world is likely to be. This collection is an American as well as a British resource, and one can only hope that support from all quarters will enable the Trust to complete this work promptly."

BERNARD BAILYN
Winthrop Professor of History, Harvard University

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President, North Texas State University, Denton

LOUIS B. WRIGHT
Consultant, National Geographic Society, Washington, D.C.



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9 July 1980

I am writing to acknowledge your letter of 9 July which I will ensure the Prime Minister sees this evening.

CAROLINE STEPHENS

Sir Frederick Dainton, FRS

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216/6 File

M. Shewman



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Elizabeth House York Road
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Telephone 01-928 9222 ext 2550

26 June 1980

E P Kemp Esq
H M Treasury
Treasury Chambers
Parliament Street
London S W 1

BRITISH LIBRARY EUSTON ROAD BUILDING

In his letter of 2 April to the Chancellor of the Duchy, the Chief Secretary said he thought further information on the financial aspects was required before a decision could be taken on the proposal to authorise a start on Stage 1AA of the British Library project. In particular he thought more information was needed about the cost of the proposal, at net present value, and the corresponding cost of other apparently possible options such as building outside London, or cancelling the project.

We have looked into these questions with the help of the PSA and I enclose a short paper giving the answers, to the extent that they exist. Inevitably, it produces the obvious and not very helpful information that the cheapest thing to do is not to have a new building, that a building elsewhere would obviously be cheaper in the immediate future (because it could not be built in the next few years - and in practice probably not for a generation) and that the Euston project is the only real runner. I hope that not too much time and attention will be spent on pondering these truths: the real question is whether this country is going to have a proper Library building or not, and I make no apology for putting this question in plain terms at the beginning of the paper. x

One final point. Although I am arguing that the scheme should stand or fall by the U.K.'s (or English speaking world's) need for a central library and that this should be considered first, before looking to a narrower economic appraisal, we both know that there is a risk of an entirely different factor determining the decision. I am, of course, referring to the future of the B.M. Reading Room. I would, therefore, like to stress again, as the Chancellor of the Duchy has already said in his letter of 2 April, that even the whole of Stage I does not finally settle the question of the Reading Room. Of course the scheme is designed to bring all the Library under one roof and to let the B.M. take over the Library's present accommodation there. But it would take ten or fifteen years at least before one got to the point of making such a move and for those who are concerned about it, the debate

/could

x See Annex B of the letter from the Chancellor of the Duchy of Lancaster to the Chief Secretary.

could continue throughout that period. A decision should not therefore stand or fall according to one's belief about the need to preserve or to replace the desks under Pannizi's done.

Pannizi's

I am sending a copy of this letter and the enclosure to John Delafons (PSA).

L H BRANDES

CPW

2 Arts Association



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster
and
Minister for the Arts.

2nd April 1980

Prime Minister.

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street

No need to read: this is
Mr St John Storan stating out his
position. Mr Biffen has done the
same in his letter below

De Prime Minister

*AKS
SW*

THE BRITISH LIBRARY

Your Private Secretary sent mine an account of your meeting with Lord Trend on 24th March and I am grateful for this information.

I believe John Biffen also sent you a letter in preparation for that meeting and will now be suggesting that our officials should undertake a further and detailed review of the costs and potential benefits of the scheme. I am sure this will be useful to clear up any uncertainties about the financial implications. But when all the information is to hand, I hope that there need be no further delay in taking a decision to go ahead. The British Library is a unique institution of enormous international prestige, and it can do nothing but good to show faith in its and indeed all our future by embarking on the building, and putting behind us the makeshift arrangements with which the Library had to be launched in 1973.

I feel it would be a major blow to our standing and prestige in the world of intellectual scholarship if we abandoned the British Library scheme and the reputation of the government would be seriously damaged.

James ...

233 8274



ms

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster
68 Whitehall
London SW1A 2AS

2 April 1980

Dear Norman,

BRITISH LIBRARY

requested 3/4

Thank you for your letter of 28 March about the new British Library building.

What we have here is a very important and potentially controversial public expenditure project indeed, involving the commitment of considerable sums of public money for a long time ahead, at a time when our policy is to constrain public expenditure and we are taking very many hard decisions to that end. Whatever decision we take risks being expensive one way or another, and we need to make sure we do our best to take the right one. I understand your wish to have early agreement to going ahead but I do not think that we are yet in a position to take a firm view.

To start with, and perhaps most importantly, there is the question of the overall financial implications of what we are doing. I appreciate that a new British Library building is unlikely to show a financial return in any commercial sense. But we ought to know the net cost overall of the proposal, taking account not just of the construction costs of the new building, but also the offsets that would come about through giving up property elsewhere (the last sentence of your paragraph 5), and also the associated savings which the British Museum itself might be able to make which are hinted at in the memorandum left by Lord Trend with the Prime Minister recently. We should also need some kind of comparison of how the running costs of the new building would compare with the "do nothing" option again taking account of any additional costs or savings in the British Museum.

This would indicate to us the net amount we would be committing to the new building as compared with doing nothing. We should then, I think, have briefly to survey the other options - I appreciate that the whole idea of a new Library building has been discussed in depth over the last 10 years or more but given the size of the decision you are asking for I do not think we can ignore conceivable alternatives.

We should also consider whether or not we shall in fact be able in 1984 to take an unfettered decision about going ahead, or not going ahead, with stage IAB. I appreciate your endeavours to cut down the scale of the previous Government's proposals and it is obviously attractive for us to have a break-point at which we can, if we so wish, close things down and only finish the phase we embarked upon. But it must be a real break-point; and if there is any risk that come the day we should not in fact be able to stop, for this reason or that, then we must realistically look on the present decision as one involving expenditure of around £115 million, rather than just £66 million. (Incidentally, earlier information supplied to my officials suggested phase IAA would cost above £75 million).

Analysis on these lines would enable us to consider whether the Euston Road site project is the only reasonable alternative to doing nothing, and also give us a single figure (or perhaps range of figures) for the net additional public expenditure we shall be committing ourselves to over the next 10 years or so in respect of this project. It is essential for us to have a figure or figures like this if we are properly to judge whether the unquantifiable advantages of the new building, of the kind outlined in your letter, are worth having; and also for us to judge how the cost of the scheme can be contained within your likely programmes for the years ahead, given the other projects which are coming up in your area - extension of the National Gallery, a new National Portrait Gallery, a Theatre Museum, expansion of the Tate Gallery, and so on. We can safely assume that there will not be sufficient funds for everything, and priorities will have to be decided.

I hope you will be able to agree that before any decision is taken our officials should get together urgently to consider these questions and prepare for us, by say the end of April, a note which you and I, with Michael Heseltine, might discuss. This is a very difficult decision, particularly in the light of our public expenditure policies, and we are likely to be criticised whatever we do. This means that our discussion must be as well informed as possible.

I am copying this letter to the Prime Minister and to Michael Heseltine.

Yours
John Biffen

JOHN BIFFEN

Am. & Antiquities



THE BRITISH MUSEUM
LONDON WC1B 3DG

AW
3W

C A Whitmore Esq
Principal Private Secretary
10 Downing Street
London SW 1

1 April 1980

Dear Mr Whitmore,

Thank you for your letter of 24 March 1980.

I am circulating to our Trustees, in confidence, your letter to Lord Trend.

I will ask my Assistant to get in touch with you about a possible visit by the Prime Minister in the summer.

Yours sincerely,

David M Wilson

David M Wilson
Director

Pl. ret.
and Travel PPS

Lincoln College
Oxford OX1 3DR

Arts

2.

25 March 1980. 27ii

Am.

Dear Tomie Minister,

Thank you very much for
sparing me time yesterday to put to you
the British Museum's case about the Library
and the Reading Room. The Trustees will
be very glad to know that I was able to
represent to you their great concern that
we should not let slip an opportunity
which won't come for a very long time;
and they will share my own gratitude
that you listened so patiently. It was
good of you to say that you would like
to come and see the Museum for yourself;
we shall be delighted to welcome you and
will try to find a date and time when
your visit could be a really relaxed and
leisurely one, which everybody concerned could
enjoy.

There seemed to be no time yesterday

either to say how nice it was to see
No to looking so handsome and welcoming,
or to offer you my very best wishes
in the long haul which lies ahead.
I hope that this letter may be allowed
to do both.

With many thanks,

Yours sincerely,

Quintin Edmond



Arts + Amanties

10 DOWNING STREET

From the Principal Private Secretary

25 March 1980

As you know, Lord Trend called upon the Prime Minister yesterday in his capacity as Chairman of the Trustees of the British Museum to explain to her why the Trustees were anxious that the Reading Room should be removed from the Museum if the plan to move the British Library goes ahead.

I attach a copy of the letter I have now sent to Lord Trend recording the main points of his discussion with the Prime Minister. He asked after the meeting whether he could circulate the record to his fellow Trustees, and I told him that there was no objection to this, though I would be grateful if they could be asked to treat the letter as a private document and not to make it public.

As you will see, the Prime Minister did not do much more than take note of Lord Trend's representations and undertake to consider what he had said. She did, however, remark that she would like to visit the Museum to see what was involved in the Trustees' proposals for the Reading Room, and Lord Trend suggested that she might do this at a party during the summer recess. As he was leaving, Lord Trend handed over the attached paper which recapitulated the points he had made in discussion.

I do not believe that there is any action which the Prime Minister needs to take immediately in response to Lord Trend's representations, but if there are any comments which the Chancellor of the Duchy or the Chief Secretary would like to make, I am sure that the Prime Minister will be glad to have them.

I am sending copies of this letter and of its enclosures to David Edmonds (DOE) and to Alastair Pirie (Treasury).

G. A. WHITMORE

Miss Mary Giles



flex B

10 DOWNING STREET

From the Principal Private Secretary

24 March 1980

When Lord Trend saw the Prime Minister this morning about the future of the Reading Room, he asked whether I could let you have, in his absence, a copy of the record of the meeting and whether this could be circulated to the other Trustees.

I now enclose the record of the meeting which I have done in the form of a letter to Lord Trend. There is no objection to your circulating this to the Trustees, though I should be grateful if you could ask them to treat it as a private document and not to make it public.

C. A. WHITMORE

Dr. D. M. Wilson.



10 DOWNING STREET

File
cc Dr David Wilson
Director
British Museum

From the Principal Private Secretary

cc. Wright sec.

24 March 1980

Dear Bunker,

THE BRITISH MUSEUM AND THE BRITISH LIBRARY

When you came to see the Prime Minister this morning, you explained that the Trustees of the British Museum had deliberately not expressed their views about the project to move the British Library to Somerstown. There were, however, benefits for the Museum in the move of the Library, and the Trustees were anxious to draw these to the attention of the Prime Minister, lest they should otherwise go by default. A powerful campaign to preserve the Reading Room in the Museum was being mounted, and you understood the motives of those who were conducting it. But it ignored what the Museum would be able to do if it had the space which would be vacated if the Reading Room was moved to the new site for the Library. When the Museum was built in the middle of the last century its floor space was 600,000 sq. ft. Since then various expansions had added half as much again. But in the meantime the Museum's collections had more than quadrupled. The result was that many of the Museum's possessions were now housed in inferior accommodation in various parts of London which were inaccessible to the public. At the same time, the public demand to see the Museum's collections had grown enormously. The building had been designed when the number of visitors could be counted in tens of thousands a year, but last year 4 million people came to the Museum. On a typical Saturday afternoon in the tourist season there were often 25,000 visitors.

The need for more space was very pressing, and if the Reading Room and its outskirts were available, this would provide a 40 per cent increase in space, which could be used for exhibits. It would also improve substantially the flow of visitors through the building. Moreover, it would provide a concourse where people could meet. In this way the Reading Room would become an integral part of the Museum. All this could be done without detracting from the architectural merit of the Rotunda. The lowest floor of the Rotunda would need to be cleared to provide space for exhibits but the Trustees had already agreed that books should continue to be housed in the two galleries above ground level, and this would preserve much of the Rotunda's present appearance.

This was a unique opportunity to provide the Museum with a very considerable increase in the space available to it. If it were not taken now, there would not be a similar opportunity for the foreseeable future. The Trustees did not mind when the British Library project started or how slowly it went ahead. Their concern was that the Reading Room should be moved with the Library and the Rotunda opened up.

/The Prime Minister

The Prime Minister said that whether the British Library project went ahead was a matter of finance and she could not say now what the outcome would be. She thought that there was likely to be a good deal of opposition to the Trustees' proposal from those who now used the Reading Room. Nonetheless, she would think carefully about what you had said. She would like to visit the Museum when it was not too crowded to see what was involved in the Trustees' plans for the Rotunda. If the Reading Room was eventually moved, one possibility might be to use the Rotunda to hold a conversazione from time to time and to admit members of the public for a fee.

You welcomed the Prime Minister's wish to visit the Museum and said that one possibility would be to invite her to a reception there during the summer recess. This would provide a good opportunity for her to look round. The Prime Minister welcomed this suggestion.

The Prime Minister has asked me to thank you for the paper which you handed over when you left her.

C. A. WHITMORE

The Rt. Hon. Lord Trend, G.C.B., C.V.O.



Treasury Chambers, Parliament Street, SW1P 3AG

Tim Lankester Esq
10 Downing Street
London SW1

24 March 1980

Dear Tim

BRITISH LIBRARY

The Chief Secretary has just received, but not yet studied, Mr St John-Stevas' letter of 20 March asking for his agreement to resources being made available for the proposed new British Library Building. He was interested too to learn of Lord Trend's call on the Prime Minister today.

Given the size of the project, which could involve as much as 10% of the central Government arts programme in 1987-88, we shall want to study the financial implications, and perhaps alternative solutions, very thoroughly. We shall also need to consider carefully the timing of any announcement should it be decided to go ahead.

It will certainly be helpful to know how the British Museum would use accommodation released by the Library and also to what extent the plans put forward by Lord Trend and Mr St John-Stevas meet the objections Mr Hugh Thomas and others may have about alternative uses of the famous reading room. The Prime Minister will no doubt, at this stage, wish to go no further than noting what Lord Trend has to say when he calls at No. 10.

I am sending a copy of this letter for information to Mary Giles in Mr St John-Stevas' Office and to David Edmonds in Mr Heseltine's.

Yours ever
Roger Watts

R J T WATTS
Private Secretary

Arts



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster
and
Minister for the Arts

20 March 1980

Caroline Stevens
10 Downing Street
LONDON SW1

Dear Caroline,

In your letter of 10 March you asked for a brief of the Prime Ministers' meeting with Lord Trend to discuss the Reading Room of the British Museum.

This is now enclosed. It has been approved by the Chancellor of the Duchy of Lancaster.

*Yours sincerely
Mary Giles*

Mary G E Giles (Miss)
Private Secretary
(Arts)

BRIEFING NOTES FOR LORD TREND'S CALL ON THE
PRIME MINISTER ON MONDAY, 24 MARCH

Lord Trend's reason for the visit

Lord Trend in his capacity as Chairman of the Trustees of the British Museum has asked to see the Prime Minister. He has promised that he will take up no more than 15 minutes of her time and he is expected to make only one single point. This is to explain the importance to the future of the Museum of taking over the space at present occupied by the British Library, and in particular to outline the Museum's own plans for the future of the Reading Room. Lord Trend wants to explain, in the light of the public and political controversy which has developed over this point, that the Museum's own plans will make excellent use of this room without reducing its architectural or historic importance, and that the attack on the present development scheme for the British Library is misconceived.

The British Museum's case

Lord Trend's point is in a sense secondary to the ^{main} issue for Government - whether to go ahead with major capital developments for the British Library. The need for some major development is urgent, but it can be argued that the future of the reading room does not need to be settled for the next five or even ten years while the first urgent work for the British Library is carried out. In practice, however, Professor Thomas's campaign to "keep" the Reading Room has become associated with opposition to the British Library scheme as a whole.

The British Museum have not so far been very good at getting their side of the story across to the press and the informed public. Lord Trend's initiative is therefore helpful as a start in establishing the Museum's case not only for wanting the space still occupied by the Library, but also for using the Reading Room in particular which is right at the centre of their site and forms an important element in any plans for the future.

The need for a new British Library

The primary point in all this is whether any part of the scheme for a new Library, which was approved by the previous Conservative administration in 1974, is to start at all. The enclosed letter from the Chancellor of the Duchy to the Chief Secretary makes the case and asks for Treasury consent to start on the scheme. This has been so redesigned and rephased that all costs for the next five years are contained within

/the

the present reduced Arts budget as agreed between Ministers in the recent bilateral talks. Costs will go beyond what at present seems a likely budget for the following five years (i.e. after 1985), but it is hoped that the Treasury will be able to accept this long-term commitment both on the basis of need and as an indication of faith in the future.

Line to take

Lord Trend will expect no more than a sympathetic hearing for his case. He intends to leave a short note with the Prime Minister which Ministers and officials have not seen, but on which a further brief can be produced if the Prime Minister wishes it.

8
L H BRANDEZ

18 March 1980

Office of Arts and Libraries.



Chancellor of the Duchy of Lancaster
and
Minister for the Arts

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

20th March 1980

The Rt Hon John Biffen MP
Chief Secretary
HM Treasury
London SW1

...
The Prime Minister has agreed to see Lord Trend, Chairman of the British Museum Trustees, next Monday, 24th March. I gather that Lord Trend wishes to put to the Prime Minister the Trustees' view about the way in which they should use the great reading room which they hope will be vacated by the British Library in due course. In order that the Prime Minister can appreciate the background to this question I am now writing to you about the British Library development scheme and sending her a copy of this letter, together with a short covering note (of which I enclose a copy for you). I am also sending copies to Michael Heseltine.

2. I think the time has now come when we must take a decision on the scheme for a new British Library building in the Euston Road and in the light of Geoffrey Howe's paper to Cabinet last week this is a good opportunity to make clear to our supporters that we are looking beyond the difficult years immediately ahead. The project will have important repercussions on Britain's scholarly standing and prestige throughout the world.

3. As you know, the site has been cleared as a preliminary to work starting on the first stage of the new building, which was authorised by the previous Government at a cost of £74 million at 1977 prices. Provision has been made in PESC for work on the first stage, but this stage is expected to take about twelve years to complete and so it will involve expenditure beyond the end of the PESC period.

4. Doubt, most of it ill-informed, has been expressed from time to time in some academic quarters about the implications of the new building, and particularly about the future of the British Museum reading room. I am personally in no

Contd



doubt that a new building is necessary, and that it should be in Central London. The Library occupies a number of buildings in different parts of London, and a substantial proportion of its holdings, including those kept adjacent to the British Museum reading room, is stored in quite unsuitable conditions. The longer this state of affairs continues, the more the Library's book stocks will deteriorate, as will the service to readers, and there will be an increasing need for expenditure in order to prevent the standard of the existing accommodation and service from falling even further below the level desirable. Even the critics agree that the Library cannot manage in its present buildings and there is general agreement that a building on the Euston site provides the right answer.

5. Inevitably a building of this kind will be expensive, though not by comparison with other recent buildings of a similar scale. The present design is essentially functional, and special care has been taken to ensure that costs remain under full control. It has been agreed, and the Library accepts, that the estimated cost of the building as planned will be regarded as a firm cost limit, subject only to the effects of general price changes. Any later variations in design will be accommodated within this figure. Moreover, completion by a specified date will not be regarded as an overriding factor: unforeseen snags will if necessary be dealt with by lengthening the construction period rather than by making additional resources available. Finally, it should be recognised that something like a quarter of the cost will be covered by savings in accommodation elsewhere in London which will be given up as the new building comes into use.

6. Nevertheless, I have been concerned at the scale of the first stage of the project agreed by the previous Government, which was such that the Library would not have been able to use any of the new building for at least twelve years. There are clearly limits to the extent to which a project of this nature can be broken down into discrete parts, but my officials and Michael Heseltine's have re-examined the scheme with the consultant architects. They have now found a way to subdivide the first stage of the building, so that work could start next year and lead to the handing over, in successive units between 1987 and 1990, of a usable area of book storage together with the reader and staff services necessary to accompany it. The cost of this would be about £53 million (at September 1979 prices) together with something in the region of £13 million for furniture and equipment and fees. The total expenditure of £66m would be spread as follows:

Contd




Year	£ million	
1980-81	2.2	} Covered by OAL reduced PESC provision
1981-82	3.9	
1982-83	7.2	
1983-84	2.9	
1984-85	2.1	
1985-86	5.3	
1986-87	10.5	
1987-88	15.9	
1988-89	11.9	
1989-90	4.7	

7. This plan leaves open for further decision, to be taken in 1984, the question of proceeding with the rest of the first stage; work could start on this the following year and be completed in 1992. If such further work did not proceed, some further expenditure would be incurred in sealing off the adjoining part of the structure already built. More detail about the two stages is shown in the Annex.

8. I find this revised scheme quite acceptable, and it does have the advantage of bringing planned annual expenditure in the early years into line with my Office's present PESC provision. On the assumption that this provision continues after 1983-84 at the level for that year, the costs of the scheme would be contained within it, up to and including 1985-86, but after that year we would need something like an additional £20 million spread over the four years to 1989-90. A decision to go ahead in 1985 with the rest of the original first stage would of course involve further expenditure.

9. A further advantage of the revised scheme is that it does not altogether prejudge the vexed question of the use of the British Museum reading room. Some academic critics of the new building project have made the need to retain this room the main plank of their opposition to the scheme. In doing so they are in my view showing a misunderstanding of the real needs of the Library, which involve far more than the provision of a fine room to readers. I am sure that the British Museum will in time make just as good use of it as the Library. It is, after all, the hub of the Museum's building, and I sympathise with their wish ultimately to have it for their own use. Lord Trend will be telling the Prime Minister what the Trustees have in mind. However, the new scheme will enable us to say that we are getting on with solving the Library's urgent and undoubted needs, and that there will be opportunities for



further discussion (in fact for nearly ten years worth of discussion as I understand it, though I would not wish to stress the point) of the ultimate destiny of the reading room.

10. I must emphasise that, in my view, even though significant expenditure will not be incurred for some years, a decision on this project cannot be postponed any longer. Any postponement would involve the break-up of the design team and the abandonment of the present scheme, and the consequences for the Library would be very serious. Other options have been discussed in the past, but the only practical solution to the problem has been seen to be in a new building in Central London. I doubt if it is possible to improve the Library's present facilities to any significant extent; the considerable sums that would have to be spent on unsatisfactory extra storage space elsewhere if it were decided not to proceed with the project, would not prevent the further decay of the book stock. This is a substantial element of the national heritage, and the costs of its loss would be no less real for being unquantifiable.

11. I hope therefore that you will agree that resources should be made available on the above basis so that I can make a statement as soon as possible that the scheme as revised can begin. Because the scheme is large and will attract publicity, I propose, subject to your comments, also to consult the Prime Minister before any announcement is made; a draft of the announcement would of course be cleared with the Treasury and the Department of the Environment.

The British Museum and the British Library

1. The case for the move of the British Library to Somers Town stands on its own merits. But it is powerfully reinforced by the benefits - to which insufficient attention has so far been given - which the British Museum would derive from the additional space created by the move. It is a century ago since the Trustees of the Museum had such an opportunity; and they already know how they could best use the space which the Library would vacate in order to enhance the greatest and most famous museum in the world.

2. In doing so, they realise their responsibility:

- (a) to continue to provide for the convenience of many more visitors and scholars who come from all parts of the world;
- (b) to respect Smirke's outstanding architecture;
- (c) in particular, to preserve the great Rotunda of the Reading Room and to use it for the purposes of the Museum in a manner fully consonant with its historical and architectural importance.

3. The Museum is the most popular museum in the country and one of the greatest tourist attractions in London. Attendances have soared since the war, rising from half a million in 1949 to nearly 4 million at present, if attendances at the Ethnographical Department in Burlington Gardens are included. At the height of the tourist season 25,000 visitors can arrive in a single afternoon. About half of these come from abroad; and they probably spend at least one day of their tour in London in visiting the Museum.

Figures provided by the British Tourist Authority suggest, by extrapolation, that the Museum attracts foreign exchange of the order of £50M per annum - more than five times its annual cost to the nation.

4. But the Museum is much more than a mere cash asset. It is one of the most famous of British institutions and a centre of international scholarship, whose advice is sought by scholars and visitors from all over the world. Yet its floor space, which amounted to 600,000 sq.ft. in 1851, has been increased since then by only just over 50%, although its collections have doubled and doubled again. The building, externally the very symbol of order and dignity, is internally a maze of confusion. In particular, it is impossible for a visitor to pass from the south side to the north on the same level; and, if he arrives at the main entrance on the ground floor in order to see some item in the collection of Oriental Antiquities, he must negotiate staircases, cross bridges and thread his way through a complicated system of galleries in order to reach his destination. The entrance hall, which was designed when the annual level of visitors could be counted in tens of thousands, now has to cope with three to four million people who come to the Museum every year. Yet it lacks many simple facilities of the type which the general public now rightly expect. Moreover, it is the natural place for people to meet; it has to house the main enquiry and information centre; and it constitutes the only east-west link and main junction on the ground floor. But every effort by the most expert professional advice to harmonise these conflicting functions has failed.

5. The building contains the collections of the only universal museum in the world. The thousands of scholars, many of them from abroad, who claim the right to see these collections are never turned away. But many precious items have to be badly displayed or scattered in outstations throughout London. The Department of Ethnography, whose collections date back partly to the seventeenth century, is accommodated in inadequate and unsuitable accommodation in Burlington Gardens and, for the sake of scholarship, should be reunited with the Bloomsbury collections as rapidly as possible. The Conservation Department, which has few equals in the world, is housed in squalid conditions, which greatly impair its efficiency. Throughout the Museum staff have to live in deplorably cramped quarters; and delicate objects often have to be treated and conserved in ill-lighted and wholly unsuitable basements.

6. Since the present building was erected, many such objects have been added to the collections. Some have been purchased from the Treasury grant or from trust funds. Many others have come to the Museum through the generosity of donors. But it is becoming increasingly difficult to meet the proper and reasonable wishes of benefactors that objects given to a public collection should be publicly displayed; and, at a time when the imaginative concept of the National Heritage Bill offers the prospect of further splendid additions to the Museum, it is tragic that we should be able to offer them so inhospitable a welcome. The Museum is also increasingly handicapped in mounting the special exhibitions which are such an important feature of museum display to-day. The success of the

Tutenkhamen Exhibition, which attracted nearly 1.7 million visitors in 1972-3, is legendary. Even the more modest exhibitions are patronised on a scale which would have been inconceivable a few years ago - both Thracian Treasures in 1976 and Manet to Toulouse Lautrec in 1978 each drew around 400,000 visitors. Here again, the resources of the Museum are stretched to the utmost in mounting such exhibitions in a manner which does justice to the best modern standards of space, lighting and display.

7. For all these reasons the need for more space is incontestable; and it needs to be emphasised that, if the Library were moved, not only could the many deficiencies mentioned above be remedied and at least 40% more material displayed, but this could be achieved without detracting from the architectural grandeur of the building.

8. Indeed, that grandeur would be enhanced by the opening up of the Reading Room. The Trustees are particularly conscious of their responsibility to the Rotunda once it is made more generally available by the removal of the Reading Room. They are convinced that this magnificent space deserves to be maintained not by confusing preservation with fossilisation of its accustomed use but by making it far more liberally accessible to the general public. They have taken some of the most distinguished architectural advice in the country and have already concluded that books should remain in the Rotunda in the two galleries above ground level, thus preserving much of its time-honoured appearance. The bookshelves at ground level, which are incomplete and have been greatly altered over the last hundred

years, can be removed without violating the integrity of the architecture; and the Rotunda would then form a spatially superb setting for the display of some of the finest pieces in the collections. This would also overcome the acute problem of congestion at a single stroke, since the whole of the Museum's ground floor would be opened up to visitors and they would be able to pass not merely from east to west but also from north to south on the same level.

9. Much of the remaining space in the Library can also be used for additional display; and the easing of the pressure elsewhere in the Museum will enable far more adequate provision to be made for storage, workshop and office accommodation. It will be possible to dispose of the buildings in Burlington Gardens, to improve the display of many delicate objects, to give the staff decent accommodation and last, but by no means least, to provide a more generous welcome for the many thousands of schoolchildren who visit the Museum every week.

10. The move of the Library presents a unique opportunity to do justice to the Museum's incomparable collections. If it is lost now, that opportunity will not recur for many a long day.

~~BF 21-3-80~~

file
Arts & Amenities

10 March 1980

The Prime Minister is seeing Lord Trend on Monday 24 March to discuss the British Museum and in particular the great Reading Room.

I would be grateful if you could supply us with a brief to reach this office by close of play on Friday 21 March.

CAROLINE STEPHENS

John Stevens, Esq.,
Chancellor of the Duchy of Lancaster's Office

File

RH

BF 21-3-80

7 March 1980

Thank you for your letter of 5 March. I confirm that the Prime Minister would be delighted to see you to discuss the future of the British Library.

I understand that 12.15 pm on Monday, 24 March would be convenient for you, and the Prime Minister looks forward to seeing you then here at 10 Downing Street.

C A Whitmore

The Right Honourable the Lord Trend GCB CVO

JLR

LINCOLN COLLEGE, OXFORD OX1 3DR
FROM THE RECTOR.

Personal

5th March, 1980

Prime Minister

Agree to see Lord Temple
for 15 minutes?

Yes and ^{at} 6:00

Dear Clive,

Could you give me a little advice - not least for old times' sake! - about a problem confronting me at the British Museum? The Trustees are anxious to avoid becoming involved in any public controversy about the future of the British Library, particularly as regards the great Reading Room. But they are no less concerned to ensure that their own view on these matters is clearly on the record; and they have asked me to see whether it would be possible for the Prime Minister to spare me just a few moments of her time for this purpose. I can promise you that I would certainly not take more than a quarter of an hour at the outside in order to say all that I need to say; and, although I can imagine how heavy the Prime Minister's commitments are at this time, I should be immensely grateful if I could have the opportunity of a brief meeting with her. I am going off to the U.S. towards the end of the month for several weeks; and my diary until then is pretty full. But I will gladly shift any commitments and make any alterations to my timetable, in order to suit the Prime Minister's convenience; and, if you can find me a few minutes at any time between now and about the 26th of the month, I shall be very grateful.

With best wishes

Yours ever,

David Lewis

C. Whitmore, Esq.,
10 Downing Street,
London, S.W.1.

MR WHITMORE

HW
4 in

British Museum - British Library

Lord Trend called to see me today about a Trustee appointment.

He also told me that the British Museum Trustees have prepared a paper about the transfer of their books, including those from the famous Reading Room, to the British Library, and have charged him, as Chairman, to put their views to the Government. He wondered if he should simply send this paper in, or ask if he could see the Prime Minister for 10 minutes and leave the paper with her.

I told him that I had not been involved in this question, so I think he will be contacting you. I gave no commitment, of course, but Lord Trend is somebody who does understand that 10 minutes is 10 minutes.

CVP

4 March 1980



10 DOWNING STREET

THE PRIME MINISTER

17 September 1979

KPO
File
cc: DES
COL
attached

Dear Sir Fred,

Thank you for your letter of 21 August expressing concern about the possible effects on key areas of the education and science services of any revisions which the Government may make to the spending plans which we inherited.

The Government's first priority is, and must be, a revitalisation of the economy, and this means transferring resources from the public services to industry. There is no way in which the economy could have sustained the spending plans of the last administration. The country spends over £8,000 million a year on education and science and it is not possible to exempt them from programme reductions. But we intend to abide by our Manifesto commitment (reiterated in The Queen's Speech) to maintain educational standards, both in schools and in higher education. To this end, we are selecting for particular economies areas like school meals without damaging essential parts of the education system.

The extent to which the Government can determine how the UGC and ABRC distribute their resources for Universities and science is, as you well know, limited. But we are doing our best to make sure that science and engineering are as far as possible protected from overall programme reductions. Mark Carlisle, Rhodes Boyson and Neil Macfarlane are continuing their discussions with the various
/bodies involved

bodies involved and stressing the need to sustain essential areas of activity. We all share your view that it would be wrong to make indiscriminate savings, and I think you will find that the figures for next year, when they are announced, reflect your views.

You also referred to the British Library Grant-in-Aid and Capital programme. I assure you that we shall take full account of all the points which you have already put to Norman St. John Stevas on the need for the new building, when we finally decide on the future allocation of funds for arts and libraries.

Kind regards,
Yours sincerely,
Raghuvaran Dhillon

Sir Frederick Dainton, F.R.S.

PRIME MINISTER

The letter at Flag A from Sir Fred Dainton urged you not to "cut" expenditure on science and engineering and on the British Library. He also suggested that you might like to see him to discuss this.

On the Chancellor's suggestions in his paper for Cabinet yesterday, spending on the science budget will decline in the next four years. But as you will remember, it is the ABRC which largely determines how the science budget is split between medical research, agricultural research, etc. (I seem to recall that you did once veto the ABRC's advice when you were Secretary of State; but that is the only time it has happened). The Chancellor is also suggesting that the new British Library should be postponed.

Final decisions have not yet been taken on all this. If you reply to Fred Dainton, you can only really say that ~~the~~^{his} points are being taken account of. On the assumption that you will not want to see him, I attach a draft reply. (This is a redraft of what DES sent over: in particular, I have cut out a number of references to "cuts".~~*~~ We must stick to the line that we are revising programmes inherited from Labour which were patently unrealistic.)

R.

14 September 1979



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

12 September 1979

M A Pattison
Private Secretary
10 Downing Street

Dear Mr Pattison,

In his letter of 10 September about the letters from Lord Trend and Sir Frederick Dainton, Philip Hunter mentioned that we would provide a paragraph relating to the British Library for inclusion in the Prime Minister's reply to Sir Fred. We suggest that it should be on the following lines:-

"You also referred to the British Library Grant-in-Aid and Capital programme. I assure you that we shall take full account of all the factors that you have mentioned in the persuasive arguments which you have already put to the Chancellor of the Duchy of Lancaster about the need for the new building, when we finally decide on the future allocation of funds for arts and libraries."

I am copying this letter to Philip Hunter.

Norman St John Sturges

M
Miss M G E Giles
MISS M G E GILES
Private Secretary

Final para for letter



DEPARTMENT OF EDUCATION AND SCIENCE
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
 TELEPHONE 01-928 9222
 FROM THE SECRETARY OF STATE

Plsat

Mike Pattison Esq
 10 Downing Street
 LONDON SW1A 0AA

9/10 September 1979

Dear Mike,

Thank you for your letter of 29 August enclosing the letters from Sir Frederick Dainton and Lord Trend to the Prime Minister about cuts in educational and libraries ... expenditure. I enclose a draft for the Prime Minister to send to Sir Frederick Dainton on the educational and science points he raises. I understand that you will be receiving a passage from the Chancellor of the Duchy of Lancaster's Office about the British Library.

I am copying this to Charlotte Eyarden.

Yours ever

P J Hunter

P J HUNTER
 Private Secretary

SUGGESTED REPLY FROM THE PRIME MINISTER TO SIR FREDERICK DAINTON

overall
expenditure on spending
of plans of the
last administration.

Thank you for your letter of 21 August expressing concern about the possible effects of public expenditure cuts on key areas of the education and science services.

the Government may make to the public spending plans which are best for the country.

The Government's first priority is, and must be, a revitalisation of the economy. There is no way in which the economy could have sustained the cuts and this means transferring resources from the public services to industry. The

country spends over £8,000m a year on education and science and it is not possible to exempt them from the cuts. It is not our intention that they should contribute

disproportionately; we intend to abide by our Manifesto commitment (reiterated in The Queen's Speech) to maintain educational standards, both in schools and in

higher education. To this end, we are selecting for particular economies areas like school meals which we think can take a large share of the necessary cuts without damaging essential parts of the education system.

If the extent to which the Government can determine how

You are an old enough hand in dealing with Government on Universities and science matters to understand how the UGC and the ABRC work in distributing resources for

Universities and science. But we are doing our best within the overall cuts to protect science and engineering as far as possible. Mark Carlisle, Rhodes Boyson and Neil Macfarlane are continuing their discussions with the various bodies

involved and stressing the need to sustain essential areas of activity. We all share your view that it would be wrong to make indiscriminate savings, and I

think you will find that the figures for next year, when they are announced, reflect your views.

as you will know,

// Final para is Miss Giles letter.

programmes which are inherited

Sir F. Dainton

M. Pattison has
agreed that D/Ed.
need not meet this
deadline. BF 12/9

29 August 1979

I enclose copies of letters about public expenditure cuts addressed to the Prime Minister by Sir Frederick Dainton and Sir Burke Trend.

Although these two letters are related, the Prime Minister has asked the Chancellor of the Duchy of Lancaster to reply on her behalf to Sir Burke Trend, but she would be grateful if your Secretary of State could suggest a draft reply which she might send personally to Sir Frederick Dainton.

I would be grateful if you could arrange for a draft to reach me by close of play on Friday 7 September.

I am sending copies of this letter to Mary Giles (Chancellor of the Duchy of Lancaster's Office) and to Murdo Maclean (Chief Whip's Office).

M. A. PATTISON

Philip Hunter, Esq.,
Department of Education and Science.

29 August 1979

I enclose copies of letters from Sir Burke Trend and Sir Frederick Dainton to the Prime Minister. Both deal with public expenditure cuts. Sir Burke's letter is entirely about the British Library.

The Prime Minister would be grateful if the Chancellor of the Duchy of Lancaster would reply to Sir Burke Trend on her behalf. I am sending you a copy of the letter from Sir Frederick Dainton for information. The Prime Minister has asked the Secretary of State for Education to provide her with a draft reply for this.

Please may we have a copy of the reply to Sir Burke Trend for our records here at No. 10.

M.A. PATTISON

Miss Mary Giles,
Chancellor of the Duchy of Lancaster's Office.



10 DOWNING STREET

PRIME MINISTER

I attach letters about public expenditure cuts from Sir Frederick Dainton and Sir Burke Trend.

May we ask Mr. St. John Stevas to reply on your behalf to Sir Burke Trend?

Yes please

Sir Frederick Dainton is hoping that you will invite him to come to discuss these ideas. Should I first commission a draft reply from DES: in the light of that, you can judge whether further discussion could be worthwhile?

YAS
Yes please

28 August 1979



10 DOWNING STREET

From the Private Secretary

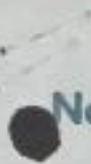
28 August 1979

I am writing on behalf of the Prime Minister to acknowledge your letter of 21 August about public expenditure cuts.

This is receiving attention and a reply will be sent to you as soon as possible.

MAP

Sir Frederick Dainton, FRS.



National Radiological Protection Board

Chairman: Sir Frederick Dainton FRS
Director: Dr A S McLean CBE Secretary: I D G Richings

Harwell Didcot
Oxfordshire OX11 0RQ

Telephone: Abingdon (0235) 831600
Telex: 837124

21st August, 1979.

PERSONAL

The Rt. Hon. Mrs. Margaret Thatcher, MP.,
10 Downing Street,
London, SW1.

Dear Prime Minister,

You will recall that we first met some nine years ago when you took office as Secretary of State for Education and Science and I was then Chairman of the Council for Scientific Policy (later the ABRC) and of the Advisory Council for Scientific and Technical Information and in 1973 you appointed me Chairman of the University Grants Committee, from which post I retired on 30 September 1978.

I hesitate to trespass in any way on your more than fully occupied time, but in the end I felt I must write, in a purely personal capacity and on the basis of my experience, to express to you my very deep concern about three closely related activities all of which are largely financed from the public purse.

My impression is that many people have accepted the first round of Public Expenditure cuts as unmistakably signalling in a necessarily abrupt manner the critical state of the country's economy and they have appreciated that, for various reasons, this cut had to be largely "across the Board". However, the second round gives time for devising a more selective strategy. In the expectation that discussion about this second round are, or shortly will be, in progress I am writing to suggest that there is a strong case for careful consideration to be given to selective exemption, in whole or in part, to three sectors which though small in financial terms, are vitally important.

My starting point is the truism, often stated as Government policy, and which all sensible people accept, that the future economic prosperity of the United Kingdom lies in improving its capacity to manufacture, market and sell competitively goods made from raw materials, many of which are imported, or to sell skills and services overseas. The advent of the micro processor presents challenges and opportunities by adding to the force of this argument as well as to the means of achieving the aims. For

/success

success in this field high quality in science and technology is "the name of the game" and to achieve it two preconditions must be met:-

- 1) An adequate supply of able, energetic people well educated in Science, Engineering, Technology or Business Studies, or combinations of these subjects. Considerable progress has been made in these matters in recent years as a result of initiatives taken by the UGC, the Research Councils and the Universities themselves at both the undergraduate and postgraduate levels, initiatives which if you wished I could elaborate. Equally important is the significant attitudinal change amongst young people, one of the manifestations of which is the very welcome sign of the reversal of the "Swing Away from Science".
- 2) A base of knowledge in these fields which is comprehensive, up-to-date and continually added to by our own efforts, which is systematically recorded and stored in a way which makes it quickly accessible to those who need it. This in turn requires the maintenance of a capability in pure and applied research and a fast-response, complete, information storage and retrieval system.

It follows from this that the three sectors are:

- 1) the science-based (Science, Engineering and Technology including Agriculture) and business studies activities of the Universities and those activities in further education concerned with the training of technicians.
- 2) those activities covered by the Science Vote with the exception of parts of the Social Science Research Council and
- 3) that part of the British Library Board "grant-in-aid" related to (a) the recurrent costs of the Lending Division, the Science Reference Library, Bibliographic Services and Research and Development and (b) the capital programme for the British Library.

With regard to the last, as Chairman of the British Library Board I must declare an interest and also tell you that I have provided the Chancellor of the Duchy of Lancaster with the supporting arguments based on the inefficiency and waste of resources inherent in the present dispersal of our activities.

I will not further elaborate these arguments here but, should you so wish, I stand ready and able to do so at any time other than during the period from 22 September to 19 October when we shall be visiting Japan, South Korea and Singapore as guests of those countries' governments.

Yours sincerely,

Fred Dainton

Fred Dainton.

c.c. Rt. Hon. Norman St. John Stevas
The Rt. Hon. Mark Carlisle



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