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1) Mr Turnbull

My ref:

2) Prime Minister (2)

Your ref:

This is rather weak. It may be that only limited progress can be made before the Residuary Body is appointed, but DoE should in the meantime be on the lookout for ideas and opportunities.

5 February 1985

Dear David

ABOLITION OF THE GLC: FUTURE USE OF COUNTY HALL

AT 6/2

I understand that, following discussion at one of her meetings about abolition, the Prime Minister has asked for a note about options for the future use of GLC County Hall.

I attach a note setting out what we know about the nature and present occupation of County Hall and some of the factors affecting its future use. It is, of course, difficult to make any detailed assessment when we do not have access to the building, let alone the opportunity to carry out a full survey.

There is little doubt that a new owner would want to carry out very extensive work before occupying County Hall; and that even more major works would be needed if the use were to be changed - eg to an hotel. Another factor is that some internal features are listed. These considerations could affect the value if the building were put on the market in its present state. However, there is little doubt that there would be considerable interest in the building - the Department has indeed already received two separate approaches - one from a well-known hotel and leisure group, the other from agents acting on behalf of Saudi Arabian principals - expressing interest in acquiring the building for use as a hotel and conference centre.

The extent of works that would be needed, and the limitations imposed by the nature of the building, make it unlikely that a quasi-public sector use would be feasible. For example, a University would probably find the costs of conversion prohibitive. The same applies to the suggestion that the building might be sold to the British Library - quite apart from the fact that it is much too small for their purpose and that cancellation of the existing scheme would itself be very expensive.

My Secretary of State is clear that our declared aim must be to dispose of County Hall - or at least the most prominent part of it, ie the block fronting on to the River. He considers that the Residuary Body should, if possible, sell to a private sector occupier. However, it will be for the Residuary Body to get the best price that they can, and my Secretary of State would not wish to interfere in their commercial judgement.

Although disposal should be the aim, my Secretary of State considers it important not to imply that there will be an immediate change on the abolition date. Quite apart from the fact that the Residuary Body will not be able to assess the potential market for the building until it has full access, any attempt at very early disposal could involve increased public expenditure. Sir Keith Joseph's letter of 20 October to my Secretary of State indicates that the present leader of ILEA would be quick to exploit this to the Government's disadvantage. For this reason my Secretary of State advised Sir Keith to take the line in discussion with Mrs Morell that discussion of the future arrangements for housing ILEA staff was premature, and that there was no question of immediate disturbance of ILEA staff when ownership passes to the Residuary Body on abolition.

My Secretary of State has it in mind to appoint members to the Residuary Bodies, in shadow form, in advance of Royal Assent; and to include members with knowledge of property management and disposal. He would make it clear to the London Residuary Body that he would expect them to give priority to assessing the future use of County Hall, so that programmes could be developed as soon as the Residuary Body has access to the building. Until a more detailed study has been carried out, with access to the building, it would be necessary to say publicly that while the Government's aim was disposal of the building, no final decision would be taken until the practicalities had been analysed.

I am copying this to the Private Secretaries to members of MISC 95, and to Richard Hatfield.

Yours ever

A H Davis

A H DAVIS
Private Secretary

GLC Abolition: Future use of GLC County Hall

1. GLC County Hall is a major office complex on a prime site. No fully detailed information is available about the accommodation and the present distribution of occupants; but it is known that the complex comprises four related, and partly linked, blocks. It provides over one million sq ft of space, and a tentative estimate by DOE officials, not based on any kind of formal detailed valuation, would put its value with vacant possession in the region of £100 million.

2. The main block, fronting the river, which probably contains about three-quarters of the floorspace, is Edwardian; the rest is inter-war/post-war. The older parts are listed (Grade II*); this means that special consent is needed for any alterations (external or internal).

3. County Hall houses most of the headquarters staff of the GLC. ILEA staff occupy about two fifths of the space, at a cost of some £4 million a year; if all ILEA HQ staff were brought together they could occupy about two-thirds of the building. ILEA also uses the Council Chamber which is in the riverside block. The complex also houses specialist facilities, including main-frame computers (with extensive links to other buildings) and the laboratories of the Scientific Services Branch.

TREATMENT UNDER THE BILL

4. The Bill provides for all property to be transferred by Order to successor bodies. General-purpose buildings like County Hall will go to the appropriate Residuary Body. They will need some of the accommodation for their own staff; other occupants - in particular ILEA staff - will also need to continue to use the building for at least a transitional period.

5. The Residuary Body will have a duty to wind up their affairs as soon as possible. They will therefore need to decide how to dispose of any property they own, to either existing or new occupants. If they want to sell a building with vacant occupation they may need to "buy out" existing occupants.

LIMITING FACTORS

6. Vacating County Hall quickly presents difficulties. Moving the main-frame computers before their useful life has expired would entail substantial cost. So would relocation or reprovision of the scientific laboratories which currently provide some services which would be of value to successor bodies.

7. Moving the new ILEA presents problems of finding and/as much as 500,000 sq feet of replacement office accommodation, as well as reproviding specialised facilities such as a council chamber. Planning and implementing such a move will inevitably take time, and impose significant costs on the new ILEA (which they estimate at £8 million). The timing of a move would need to be considered in relation both to ILEA's financial position -
equipping

since it will be subject to rate capping and precept control for the first 3 years after abolition (1986-9) - and the provisions for reviewing its future before March 1991.

8. The nature of County Hall itself limits the scope for its disposal. Extensive conversion could be expensive and difficult given the fact that most of the complex consists of Edwardian listed buildings, and that the building is on concrete rafts because of the marshy nature of the site.

POTENTIAL USES

9. One obvious commercial use for the building is offices. That could possibly be combined with hotel use for part of the complex; but the need to comply with Fire Regulations, as well as listed building requirements, would make conversion for hotel use very expensive.

10. The most profitable course, given the new ILEA's continuing need for accommodation, might be for the Residuary Body to allow ILEA to continue to occupy the three more up-to-date blocks and to concentrate on clearing the block fronting the river which could be offered for sale separately. This would have the advantage of avoiding maintaining a regular public sector use in the most prominent part of the complex. ILEA would, however, need to find a replacement council chamber, and almost certainly some additional HQ office accommodation. Moving the ILEA staff and facilities from the riverside block, where they are now, to the other blocks might also turn out to be little less expensive than relocating them elsewhere.

CONCLUSION

11. The Bill will give Ministers effective control over the future use of the complex, given the need to transfer it at abolition to the Residuary Body, which will be subject to direction. There should be no difficulty in principle in finding a private sector use for either the whole complex or the River Block alone; but no detailed assessment of the most advantageous future use can be made until it is possible to carry out a full survey of the structure.

12. The quickest way of making progress would be to direct the London Residuary Body, as soon as it has been set up following Royal Assent, to commission consultants to carry out a feasibility study into alternative uses. Such a study would also have to consider the implications of relocating ILEA and the specialised facilities currently housed in County Hall.

DOE/LGR Directorate

January 1985