

MR M A HARRIS

CBLA DEVELOPMENT

1. I refer to your minute to Mr France dated 21 June which Mr Goodman has passed to me and asked me to reply. As mentioned to you on the telephone on 21 June, there are a number of matters included upon which we consider comment necessary.
2. We are not sure of the basis of all your figures and it seems best to relate costs and savings to a specific MHNE cost report. However, we agree that a likely total cost on current information is £38m. We suggest that any uplift in the cash limit should be agreed with CBLA within this figure. The revised cash limit should be a realistic and achievable (but not generous) target to control costs within and include modest reserves. However, with the history of this scheme, the method of procurement and the cost uncertainties which still exist, particularly in the area of fees, commissioning, claims and completion of design, it seems possible that the final cost will exceed this figure. A figure of £41.5m seems prudent to earmark as an upper limit for Departmental use only (and for Treasury if this is necessary).
3. Works Group have asked CBLA and MHNE to produce elemental target costs so that a realistic cost limit can be set, the breakdown of which is known and agreed. With these and a suggested change to MHNE's cost reporting method, cost control should be facilitated. However, it has been made clear that cost control and programming remain a CBLA/MHNE responsibility and the Department continues, therefore, very much in their hands although we have suggested that Works Group should undertake closer monitoring of costs and progress.
4. No doubt Works Group will be involved in the drafting of the submission to Ministers, following the meeting with Mr France on 28 June.

GRO-C

R W Davis

CON 1.4

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GRO-C

Euston Tower

26 June 1985

cc: Mr C France
Mrs Banks
Mr Cashman
Dr Smithies
Mr Williams ✓
Mr Goodman
Mr Bench
Mr O'Leary
Mr Arrowsmith