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11 July 1984

Richard

Further Capital Works at Mount Pleasant in the
Falkland Islands

You sought our advice, as Secretaries of OD(FAF), on handling the decision to proceed with the so-called Army works package (ie barracks, storage and engineering facilities for the British Army at the new strategic airfield at Mount Pleasant in the Falkland Islands, together with the military port facilities nearby at East Cove). It might help if I record what we agreed in writing.

2. You will recall that OD(FAF) on 14 March 1984 invited the Secretary of State for Defence to re-examine the Army works package to ensure that the scope for economies was fully explored and, subject to that re-examination, "authorised the further capital works recommendations..., at an estimated cost of £124m-£142m, and agreed that tenders should be issued in time to allow work on site to begin in October 1984" (OD(FAF) (84)1st Meeting, Conclusions 3 and 4). Mr Heseltine circulated his re-examination on 6 April and the Prime Minister agreed, subject to comments from other members of OD(FAF), that Mr Heseltine should authorise the PSA to proceed with tender action on the basis described (letter from Mr Coles to Mr Mottram of 9 April).

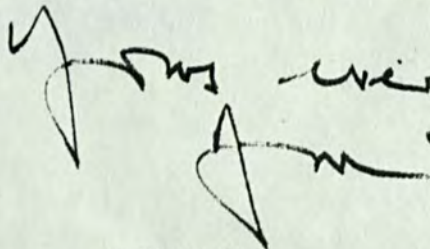
3. You told me that you expected to receive tenders for the bulk of the Army works package in the last week of July 1984. You would need time to study them but ought to be in a position to recommend acceptance some time in the last two weeks of August. The indications which you had had from Laing/Amey/Roadstone suggested a tender bid within the bracket of £124m-£142m agreed by OD(FAF). Finally, you stressed that a quick decision would be needed if, as OD(FAF) also laid down, work on site were to begin in October 1984.

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4. I told you that it would in practice be impossible to arrange a meeting of OD(FAF) in late August; but, having consulted the papers, that it seemed to me unlikely that OD(FAF) would in any case need to meet. Provided the tender bid recommended by the PSA to the Secretary of State for Defence fell within the bracket authorised by OD(FAF), all that would be necessary would be for Mr Heseltine to minute the Prime Minister and OD(FAF) colleagues to inform them of the outcome of the tender and to advise them that, unless colleagues raised objections by a given date, he would accept the tender and authorise the work to proceed. I agreed that a short press announcement that the contract had been placed would also be necessary and did not think that it would be necessary or feasible to hold it back until Parliament had re-convened in October. However, the Foreign and Commonwealth Office ought to be consulted about the exact timing to ensure that the announcement was not made at a moment that was diplomatically inopportune.

5. Since we spoke, I have consulted others concerned here in the Cabinet Office who confirm the advice in paragraph 4. Bryan Cartledge, my Deputy Secretary, adds that it would be desirable if the Defence Secretary could cover the publicity aspect in his minute to the Prime Minister. I would be grateful if Michael Legge, Donald Walker, and Andrew Palmer to whom I am sending copies of this letter, could ensure that publicity is handled in this way.



D H COLVIN

cc: M J Legge Esq Head of DS11, MOD
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