

Confidential Filing

Ministerial Responsibility for the Arts.

GOVERNMENT MACHINERYMay 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
18.5.79							
6.6.79							
19.6.79							
9-8-79							
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10.6.83							
26.5.87							
11.6.87							
19.6.87							
16.7.57							

PREM 19/2192



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cc PQ

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 July 1987

TRANSFER TO THE OFFICE OF ARTS AND LIBRARIES OF
RESPONSIBILITY FOR THE BRITISH MUSEUM
(NATURAL HISTORY)

The Prime Minister has seen your Secretary of State's minute of 15 July on the above subject. She is content with the proposed draft Question and Answer, and I have passed a copy of the papers to our Parliamentary Question Section to arrange this.

I am copying this letter to the Private Secretaries to the Chief Secretary, HM Treasury, the Minister for Arts and Sir Robert Armstrong.

P A BEARPARK

Chris de Grouchy, Esq.
Department of Education and Science

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Content?

pos 15/7

PRIME MINISTER

TRANSFER TO THE OFFICE OF ARTS AND LIBRARIES OF RESPONSIBILITY
FOR THE BRITISH MUSEUM (NATURAL HISTORY)

You have recently agreed that responsibility for this Museum should be transferred from my Department to the Office of Arts and Libraries.

My officials are working with those of Richard Luce to make the necessary arrangements for a transfer from the early Autumn. I am assured that there are no insuperable difficulties to be overcome and that the way is now clear for a public announcement to be made.

I suggest that it would be desirable to make this to Parliament before it rises and I hope that you will be prepared to do so through an arranged Parliamentary Answer. We shall liaise with your officials, those at OAL and with the Museum themselves concerning the timing of the announcement. I enclose a draft Question and Answer for that purpose. I realise that the suggested Answer is rather longer than normal but Richard Luce and I think it important that this full reply is made in order to reassure the Museum staff and the scientific community.

I am sending copies of this minute and enclosures to John Major, Richard Luce and to Sir Robert Armstrong.

K.B.

mt

K B

Department of Education and Science

15 July 1987

DRAFT QUESTION

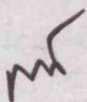
- To ask the Prime Minister if she has reviewed departmental responsibility for the British Museum (Natural History) and if she will make a statement.

DRAFT ANSWER

I have decided that responsibility for the British Museum (Natural History) should be transferred from the Secretary of State for Education and Science to the Minister for the Arts. Such a change will enable this world famous Museum to play its full part alongside the other great national museums and galleries in the Government's developing policies for the national heritage. It will also enhance its potential for collaboration with the other Museums, particularly those in South Kensington.

I and my Ministerial colleagues concerned hope and intend that, following the transfer which will come into effect on 1 August, the Museum will maintain and develop its distinguished scientific standing and strong working links with the scientific community. The Royal Society will continue as now to advise on the appointment of one member of the Trustees; this advice will in future be given to the Minister for the Arts. In addition the Museum will be eligible to apply in future on a competitive basis to the bodies funded from the Science Budget for research grants and awards allocated by normal peer review processes.

The transfer will not imply or require any change in the pay, conditions and grading of current or future staff.





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(27)

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

RESPONSIBILITY FOR THE ARTS AND RELATED MATTERS

The Prime Minister discussed with you this morning your minute of 5 June about the possibility of giving additional responsibilities to the Office of Arts and Libraries (OAL). The Prime Minister said that of the three possibilities referred to in paragraph 14 of your minute, she favoured only the third - transfer of responsibility for the British Museum (Natural History) from the DES. She was not in favour, at least for the present, of the first two options - transferring heritage sponsorship and sponsorship of the film industry.

I should be grateful if you could make the necessary arrangements for effecting the transfer of responsibility for the Natural History Museum from DES to OAL. No doubt if a PQ is necessary announcing this change you will provide a draft.

(N.L. WICKS)

19 June 1987

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10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

**RESPONSIBILITY FOR THE ARTS AND RELATED
MATTERS**

The Prime Minister has now studied your minute of 5 June about the possibility of giving additional responsibilities to the Office of Arts and Libraries.

She has commented that she would like to discuss this with you further before reaching any decision.

Could I therefore suggest that this item is put on the agenda for your first bilateral with the Prime Minister.

N. L. WICKS

11 June 1987

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Prime Minister

Ref. A087/1589

PRIME MINISTER

Will discuss further before reaching any decision?

Do you want to make the changes suggested in § 14 below?

Do you agree not to change the present status of OAL as recommended in § 15?

Responsibility for the Arts and Related Matters

N.L.U.
10.6

You asked for advice on the possibility of giving additional responsibilities to the Office of Arts and Libraries (OAL).

2. Three possible areas are considered for adding to OAL's responsibilities:

a. the Department of the Environment's responsibility for heritage sponsorship (with a range of options);

No.

b. the Department of Trade and Industry's responsibility for the film industry; and

No

c. the Department of Education and Science's responsibility for the British Museum (Natural History).

Heritage

3. A minor tidying-up change would be to give OAL sole responsibility for the National Heritage Memorial Fund (NHMF) and the Acceptance in Lieu scheme, both currently operated jointly with the Department of the Environment. The Minister for the Arts now places rather more weight on the potential benefits from the change than he did in 1985 when it was last considered and rejected because the net benefit was then thought insufficient to justify it.

4. This minor change would probably not have much practical effect without a transfer of the Department of the Environment's

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No general heritage sponsorship function. This would be more significant, involving the transfer of some 50 staff and carrying with it inter alia responsibility for the Historic Buildings and Monuments Commission (English Heritage). This would be seen as giving one Department a clear lead responsibility for heritage matters with more opportunity for determining priorities in a co-ordinated way. A subsidiary difficulty would be finding accommodation for the additional staff with OAL's existing staff in the Great George Street premises; but I think that that is a difficulty which would have to be and could be solved if you decided to make the change.

No 5. A transfer of heritage sponsorship would raise the question of whether OAL should also take over the Department of the Environment's responsibility for the Royal Parks and Palaces. It would look a little isolated if left in the Department of the Environment. On the other hand, it is a substantial executive function, with some 900 staff, and OAL is not geared to manage an operation of this kind. It might perhaps be feasible subsequently to transfer it to OAL if Royal Parks and Palaces were established as an "agency" function along the lines suggested in Sir Robin Ibb's recent report on Managing the Civil Service. But I should not recommend giving OAL the task of setting that up.

6. If you thought it desirable to unify responsibility for arts and heritage, I believe that the most sensible arrangement would be to transfer to OAL the Department of the Environment's general heritage sponsorship function (including its interest in the NHMF and the AIL scheme as well as sponsorship of English Heritage) but to leave Royal Parks and Palaces for consideration at a later stage. I should on balance recommend this change: it would ease the pressures on the Department of the Environment, remove some minor administrative problems and the present frontier between the Department of the Environment and the Office of Arts and Libraries on heritage matters, and give the Office of Arts and Libraries a slightly broader base.

Films

7. The Minister for the Arts considers that responsibility for the film industry should be transferred to OAL from the Department of Trade and Industry: he finds it awkward that he is currently responsible for the British Film Institute and related matters but not for sponsoring the industry as such. The logic in that separation is that it gives the Arts Minister a role in promoting the cultural and recreational aspect of films without separating film production and its commercial assets from related technologies in DTI's field. If responsibility were transferred, the awkwardness of which the Minister for the Arts complains would disappear, but there would be a separation of the production and commercial aspects of film from other forms of information technology: people who make films are nowadays mostly also in the business of making television programmes. But the resources involved in film at the Department of Trade and Industry are minimal - only four people. It cannot make much odds whether it is transferred or not. It seems to me that, if you decide to make other changes affecting the OAL, you could throw this one in too; if you are not making other changes, then film could be left as it is.

British Museum (Natural History)

8. Department of Education and Science and OAL officials have already been considering a case that might be put to you for approval of the transfer of responsibility for the Natural History Museum to OAL. It was not transferred with the other museums in 1983 because it was thought to have closer links with the scientific community, but this is now seen as less of a barrier to a transfer. Its continuing location with the Department of Education and Science seems anomalous as well as inhibiting the development of a coherent policy towards use of the South Kensington site. All concerned would now like this transfer to happen. I recommend accordingly.

Ministerial Responsibility

9. Sir William Rees-Mogg, the Chairman of the Arts Council, has recommended putting the OAL back with the Department of Education and Science, with the Secretary of State as Minister and a junior Minister to support him. He thinks that the Arts works best in Government when part of a great department and when the Minister is in the Cabinet.

10. From the point of view of resources, Mr Luce is inclined to a similar view. He believes that, if the Arts were under the wing of the Department of Education and Science it might be easier to transfer from other parts of the DES public expenditure programme sums which would be small change for schools and universities but could make a lot of difference to the Arts. With this in mind, he would not preclude putting the Arts under the wing of the Department of the Environment.

11. He recognises, however, that any such move would be regarded by many people in the arts world as retrograde. When the OAL was in the Department of Education and Science, and supervised by a Parliamentary Secretary, it was generally seen as the Cinderella of the department, treated as such in terms of resources and staff. Giving it independence of the Department of Education and Science and putting a more senior civil servant in charge of it, was seen as reflecting an enhanced appreciation of the importance of the arts by the Government.

12. I doubt whether this is a good time to be putting responsibility for the Arts back to the Department of Education and Science, which has enough on its hands in relation to education and science. Nor do I think that this is a time to add to the responsibilities of the Department of the Environment. I believe that the right course to keep the OAL as an independent part of the federation of small departments at the centre as it now is, but to add to its portfolio

responsibility for all heritage matters, film and the British Museum (National History).

13. As to ministerial responsibility, it would no doubt be well received if the Arts portfolio could be added to the responsibilities of a member of the Cabinet. It would, however, need to go to one of the Ministers without portfolio, and I do not know whether any changes you have in mind to make are likely to include the appointment of a Lord President, or a Lord Privy Seal, or a Chancellor of the Duchy of Lancaster, or a Paymaster General who would be a suitable candidate to undertake responsibility for the Arts.

Conclusion

14. If you are minded to give OAL increased responsibilities, I suggest that the additions comprise:

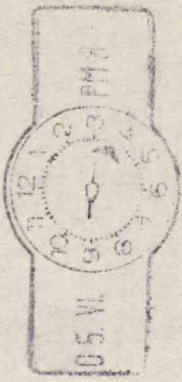
- a. a transfer of heritage sponsorship responsibilities from the Department of the Environment, but leaving consideration of Royal Parks and Palaces to a later stage;
- b. a transfer of sponsorship of the film industry from the Department of Trade and Industry; and
- c. a transfer of responsibility for the British Museum (Natural History) from the Department of Education and Science.

15. I believe that there should be no change in the present status of the OAL; I do not think that this is the right time to bring it within the Department of Education and Science or the Department of the Environment.

RA

ROBERT ARMSTRONG

5 June 1987



COMPTON

PERSONAL



10 DOWNING STREET

From the Principal Private Secretary

26 May 1987

I am sorry that you have not received before now a reply to your personal letter to the Prime Minister of 13 May. But as I know you will realise, the volume of her mail has greatly increased in recent weeks.

I shall show the Prime Minister your letter and I know that she would want to consider carefully your views on the machinery of government which you raise. I know too that she will wish me to thank you for the good wishes that you express in your letter.

N.L. WICKS

Sir William Rees-Mogg

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

You will wish to see the extract attached from a letter from Sir William Rees-Mogg about Ministerial responsibility for arts in government. I have no indication that the Prime Minister is thinking along the lines suggested by Sir William. I am not sending a copy of this letter to the Office of Arts and Libraries.

I am sending Sir William a short acknowledgment.

N. L. Wicks

26 May 1987

EXTRACT FROM A LETTER TO THE PRIME MINISTER FROM SIR WILLIAM REES-MOGG

"I have an idea about the place of Arts in government which I thought I had better send now if it is to be of any use. I have much enjoyed working with Richard Luce; the point is purely structural and not personal. He is very good.

"I am however almost sure that the Arts works best in government when part of a great department and when, as with Grey Gowrie, the Minister is in the Cabinet. I have had experience of both of these, though not together.

"If you decide to reorganise the OAL I hope therefore you will look at the merits of putting it back into Education, with the Secretary of State as Minister and a junior Minister to support him.

"This may of course not be possible. I have naturally not discussed it, but in recent weeks two of the wisest people involved in Arts funding, Tom Caulcott, the Chief Executive of Birmingham, and John Sainsbury have told me that this is what they would most welcome."



The Rt. Hon. Margaret Thatcher

32 Smith Square Westminster SW1P 3HH

Tel. 01-222 9000

MR. WICKS

When you look at this letter from
Sir William Rees-Mogg, it's about
the structure of Government and
you may feel you want to handle
this yourself - it's not about
the election as such at all.

Handwritten signature

PP

STEPHEN SHERBOURNE

25.5.87

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SIR ROBERT ARMSTRONG

MINISTERIAL RESPONSIBILITY FOR ARTS IN THE
HOUSE OF COMMONS

You discussed with the Prime Minister this morning whether the Junior Environment Minister responsible for answering on the Arts in the House of Commons should be Mr. Macfarlane (who has responsibility for the heritage) or Mr. Waldegrave. The Prime Minister's preference was that it should be Mr. Waldegrave.

E. E. R. BUTLER

24 June 1983



file

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10 DOWNING STREET

From the Principal Private Secretary

MR. HATFIELD,
CABINET OFFICE

The Prime Minister discussed with Sir Robert Armstrong on Friday the question of Ministerial responsibility for answering on arts and libraries in the House of Commons. Sir Robert Armstrong recommended, and the Prime Minister agreed, that Mr. Hayhoe should be asked to undertake this. Could you please let me know when this has been agreed with the Chancellor of the Exchequer and the Lord Privy Seal.

There is also a question about who should answer for the Central Office of Information in the House of Lords. I imagine that the answer is Lord Gowrie, but I would be grateful if you could confirm this with the Lord President's Office.

E. E. R. BUTLER

20 June 1983

MR INGHAM

RE-MODELLING GOVERNMENT

Questions Arising

1. Special Ministerial Responsibilities

- (a) co-ordination of presentation (John Biffen?);
- (b) the disabled (formerly Hugh Rossi, DHSS);
- (c) race relations (Sir George Young? DOE)
(David Waddington? Home Office);
- (d) information technology (Kenneth Baker? DTI);
- (e) children's play (Neil Macfarlane? DOE);
- (f) sport (Neil Macfarlane? DOE);
- (g) West Midlands (John Butcher? DTI);
- (h) Merseyside (Patrick Jenkin? DOE).

2. No Paymaster General? - nothing new in not having one for a period eg November 1967 to April 1968 (Wilson PM); December 1955 to October 1956 (Eden PM); July 1945 to July 1946 (Attlee PM); October 1940 to July 1941 (Churchill PM).

Rayhoe → 3. Who cover for Arts, Libraries and the Civil Service in the Commons?

Gowrie? → 4. Who answers for Central Office of Information in Lords and Commons? ←

5. Who/which Department has responsibility for

- (a) films;
- (b) tourism.

6. What happens to CPRS?

7. What happens to the Raynor Unit?

8. What does Lord Cockfield do?

9. The regulatory responsibilities to be transferred from the Home Office to DTI are to do with the waveband, licensing, CB radios, walkie talkies, cellular radio, front room radio stations etc.

10. Can we expect any Transfer of Functions Orders apart from Arts and Libraries?

→ 11. When do the Transfer of Functions become effective - especially those which involve Transfer of Functions Orders?



ROMOLA CHRISTOPHERSON
Deputy Press Secretary

16 June 1983

Ref. A083/1638

PRIME MINISTER

I mentioned to you some time ago that I thought there might be a case for moving the Office of Arts and Libraries out of the Department of Education and Science into the central federation alongside the Cabinet Office and Management and Personnel Office. The arts world has been less than happy with what they see as inadequate status for the arts in the Government machine, and those in the Office of Arts and Libraries have felt it to be something of a Cinderella within a very big Department whose main interests and priorities are quite different from those of OAL.

2. The attached paper looks at several ways in which OAL's status might be enhanced. It concludes that there is no case for a Cabinet Minister just to deal with Arts - just as there is no case for the proposal for a new jumbo Ministry to cover the Arts, Heritage and Tourism made by the Education Select Committee. There is a case for moving the OAL out of the DES. If the OAL is to move from the DES, the realistic options are either to transfer it to the Department of the Environment or to bring it into the central federation (Cabinet Office, Privy Council Office, Management and Personnel Office), perhaps as part of the Privy Council Office, and make the Minister for the Arts either Paymaster General or Minister of State, Privy Council Office. Of these, the latter is the more attractive option; the Secretary of State for the Environment is heavily loaded, and in that large Department OAL could once again become a Cinderella. I understand that Mr Channon is enthusiastically in favour of a move.

3. The OAL would still be pretty small in relation to the rest if it was brought into the central complex. But the arts world would certainly see the move as an improvement, bringing the OAL nearer to the centre of Government (and thus to you). The OAL could share common services with the Cabinet Office and the MPO.

4. If you feel that there are attractions in the idea of moving the OAL out of DES and to the centre, we will work up a detailed proposal. It might be sensible for the OAL to leave with the DES its responsibilities for public libraries.

No 6:
Prime Minister
subsequently
discussed with
Sir Robert Armstrong,
following a
conversation
with Lord Gower
and Sir Keith Joseph
and agreed to
transfer to the
Privy Council
Office.
FERB
75.6

She was asked
by Sir Robert
Armstrong to
consider leaving
libraries with
DES, but
decided to
move OAL
in toto.

No
This would mean
that there would be
Cabinet represented the
the new thing in
that they would want
a separate Cabinet
Minister of State.
Prime Minister
If you wanted to make
this change, it could be reflected
in the announcement of the
Minister of State.
FERB
leave with DES not



5. I am sending you this minute now in case you want to take an early decision of principle and reflect it in your Ministerial appointments.

A handwritten signature in dark ink, consisting of the letters 'RA' in a stylized, cursive script.

ROBERT ARMSTRONG

10. June 1983

LOCATION OF THE OFFICE OF ARTS AND LIBRARIES

This paper examines the possibility of changing the present arrangements for the Office of Arts and Libraries (OAL) to give the office higher and perhaps more independent status within government.

2 The present structure and functions of the Office are shown at Annex A. The Office works for the Minister for the Arts, who is currently a Minister of State at the Department of Education and Science. The Minister is regarded as having responsibility separate from his Secretary of State (although the functions are exercised in his name) and has direct access to the Prime Minister on arts matters. The OAL conducts its own PES negotiations and has a separate programme (and is featured in a separate chapter) in the PES White Paper. But it is increasingly regarded as part of the DES organization. Its Accounting Officer is the Permanent Secretary of DES and it relies on DES for all essential services - accommodation, finance, establishments and management services. In the mid-1970s the OAL moved from separate accommodation to the main DES headquarters.

Case for change

3 OAL's subordinate position within DES has led to some strains in the relationship between OAL and its parent Department. Some members of OAL feel that the DES organization, with its very different type of work and interests, does not properly understand the needs of OAL's work. They are also afraid that the decline in the Education budget will feed through into pressure on the Arts budget. There is a feeling in the outside world too that a branch of the DES is inadequate to represent the Government's interests in the arts. The recent Select Committee report on arts funding recommended an expansion of OAL into a new Ministry of the Arts and Tourism.

4 Government policy towards the arts is not a natural part of education policy and to that extent arts policy does not fit naturally within the main DES policy hierarchy. Both the public and Parliament would certainly think it unacceptable for the Arts budget

to be raided for education or science purposes, and arts spending has certainly not suffered from that cause so far. But there must be a risk as long as the two come under the same Secretary of State. On the other hand, OAL is too small, despite the respectable amount of public expenditure for which it is responsible (£200m. direct central Government spending), to be a viable Department on its own.

SIMPLE OPTIONS FOR CHANGE

5 There are 2 relatively simple ways in which the Office's present status could be raised without severing its links with the DES.

6 The first would be to upgrade the post of the official head of the Office from Under to Deputy Secretary when the present occupant retires later this year. The responsibilities of the post do not match up to those of Deputy Secretary in most Departments. However, although the span of command is small, the post has important representational functions. The post holder needs to deal on equal terms with senior members of arts institutions. He needs to match considerable intellectual force and political clout. If the head of OAL were upgraded in this way, there would of course be no need for an Under Secretary between him and the Heads of Divisions. If the post was upgraded in this way, the head of OAL might also usefully revert to being Accounting Officer again, at least for the grants made by OAL, if not for its staff and several expenses.

7 The second option would be to move the OAL out of its rather scruffy modern offices in the DES building at Waterloo into more distinguished surroundings. But the DES building still has spare accommodation. It would look wasteful to move OAL out unless new tenants could be found outside DES.

MORE RADICAL OPTIONS

8 There are 2 more radical options. One would be to give the Arts a Minister of Cabinet rank again; the other to move OAL out of DES altogether, either to another line Department or to the complex of central Departments under the Prime Minister.

Cabinet Minister for the Arts

9 Cabinet rank for the Arts Minister would certainly raise the standing of OAL. But there does not seem to be a case for adding an extra Minister to the Cabinet just to deal with the arts, and the case for an OAL enlarged into a proper Ministry for the Arts with wider responsibilities for heritage and tourism as recommended in the recent Select Committee report is weak. The arts responsibilities could be added to a Cabinet Minister with other responsibilities (as they were in 1979-81 when the Chancellor of the Duchy of Lancaster combined the duties of the Leader of the House with those of Arts Minister). The other post would have to be one with some spare capacity, or the arts would be worse off than they are now with a full time Minister of State, and the arts lobby might indeed be happier with a full time, effective Minister outside the Cabinet, than a part time Minister inside the Cabinet.

Move to another line Department

10 There are 2 *serious* candidates here, the Department of the Environment or the Treasury.

11 The Department of the Environment has some claim in logic to be OAL's parent. DOE already has responsibility for sport and recreation and for the national heritage. Allocation to DOE would emphasise DOE's broad responsibility for the quality of life, including the national heritage. There are also some links between the questions of quality involved in areas such as architecture and those in arts. But the Environment Secretary is heavily loaded, and it is doubtful whether the links between OAL and the rest of the DOE would publicly be perceived as much stronger than those between OAL and DES. It is in any case doubtful whether OAL would be better off in the large Department of the Environment with its many disparate interests than in the DES. The chances of arts priorities being swamped by others seem just as great, if not even greater.

12 The Treasury looks a possible parent because it was the Department which lost arts responsibility in 1964. But the reason for

that was the conflict between running a sponsorship programme and responsibility for control of public expenditure. That argument still holds good.

Move to central complex

13 A move into the central federation (Cabinet Office, Privy Council Office, MPO) looks more attractive. This would allow recognition of the independence of the arts and avoid the difficulties inherent in its location within DES or in any other large Department with other interests and priorities. The OAL could be technically free-standing. It would be able to draw on the central group for its staff, and also for supporting services. The creation of MPO means that there is now establishments and finance capacity which the OAL could use. In 1979-81, as a free-standing Department under the Chancellor of the Duchy of Lancaster, the office still had to use DES services.

14 There are several Ministerial options. The arts functions could be transferred to one of the non-Departmental office holders (the Chancellor of the Duchy of Lancaster, the Lord President, the Lord Privy Seal) and a Minister of State be appointed, as now, as the Minister for the Arts. An alternative would be to transfer the functions to a separate Minister of the Arts outside the Cabinet (as the Minister of Transport was between 1979-81); or the Office of Paymaster General could be used for this purpose.

LIBRARY RESPONSIBILITIES

15 If a move to DOE or the central complex were considered, it might be sensible to leave with the DES one branch of OAL which is concerned with Libraries and information services. This has strong links with DES' science interests. DES are also in a good position to give professional help on the British Library building project and to represent OAL's interests in local government spending on libraries in discussions on local government finance. But there are also important links with other aspects of the information

industry dealt with by the Departments of Trade and Industry and by other agencies. There may well be a case for a further study of Departmental responsibility for these interests.

MECHANICS OF CHANGE

16 All of the more radical options would involve some disruption and some transitional costs of disentanglement. A Transfer of Functions Order (negative resolution) would be needed to transfer the functions to one of the 'sinecure offices' or to a separate Arts Minister outside the Cabinet. The main functions could be transferred to the Secretary of State for the Environment without an Order (because they are simply in the name of the Secretary of State) but a tidying up Order might be needed to take care of any property, rights and liabilities.

CONFIDENTIAL

ANNEX A

The Head of OAL is an Under Secretary who is supported by 3 Assistant Secretaries with the following responsibilities:

- (a) protection of the heritage, including joint responsibility with DOE for the National Heritage Memorial Fund, export control on works of art and arts policy in relation to overseas countries (1 Principal, 2 HEO, 2EO); and for the Arts and Crafts Councils, the British Film Institute, the National Film School, and the Regional Arts Associations (1 Principal, 1 HEO, 1 EO);
- (b) museums and galleries, both local and national (1 Principal, 2 HEO), and for business sponsorship of the arts and the Bill to hive-off the V&A and Science Museum (1 Principal, 1 EO) and for coordination of OAL's finance, establishment and research projects (1 Principal, 1 HEO);
- (c) libraries and information services, both locally provided and by the British Library, for inter-departmental coordination of scientific and technical information and public lending right policy (1 Principal, 4 professional staff, 1 HEO, 1 EO).

In addition, the office has the support of 5 clerical staff and 5 secretarial staff. This makes an overall total of 36.

CONFIDENTIAL



Chancellor of the Duchy of Lancaster

Govt Maching

PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

of Joan Porter

5 December 1979

Dear Anne

As you know, the arrangements whereby Mr Neil Macfarlane would assist the Chancellor of the Duchy with certain arts functions have now been finalised and the Chancellor would like the matter announced by a short press announcement. We discussed this this morning and you agreed that it would be right for the notice to issue from No 10 and I attach a draft which has been cleared with the Chancellor.

I have also fed it to Peter Shaw, Department of Education and Science, and I understand that DES are content with it. A copy has also gone to Neville Gaffin (No 10) and Murdo Maclean (No 12).

Approved by the P.M.

Following list:-

*Neville Gaffin (who will
write the announcement
himself).*

John Brown

Peter Shaw.

Clive Whitmore Esq
PS/Prime Minister
10 Downing Street

the

5 x iii

*Yours ever
John Stevens*

J W STEVENS
Private Secretary

DRAFT PRESS NOTICE

MR NEIL MACFARLANE TO HELP WITH THE ARTS

The Prime Minister, in consultation with Mr Mark Carlisle, has agreed that Mr Neil Macfarlane, the Parliamentary Under-Secretary of State at the Department of Education and Science, should assist Mr St John-Stevas, Chancellor of the Duchy of Lancaster, Leader of the House of Commons and Minister responsible for the Arts, with certain functions within the Office of Arts and Libraries.

Mr Macfarlane's primary responsibility will remain at the Department of Education and Science and he will continue to be based there, but he will have office facilities in the Privy Council in Whitehall.

THURSDAY 4.00 pm.



OFFICE OF ARTS AND LIBRARIES

~~Department of Education and Science~~

Elizabeth House York Road

London SE1 7PH

Telegrams Aristides London SE1

Telephone 01-928 9222 ext 2550

Gout Mach
J.L.

3 September 1979

MISS PETERSON
TO SH.

C V Peterson Esq
Secretary for Appointments
10 Downing Street
SW1

Dear Peterson,

I think we owe you one or two replies to letters you have written to Walter Ulrich about appointments to museums.

Walter has been on leave and the Chancellor of the Duchy has been away as well, and this has held things up for the moment. I am now writing to tell you that the replies to your letters will in future come from me and now not from Walter. The reason is that the Chancellor of the Duchy is to have his own Office of Arts and Libraries headed by an Under-Secretary, and that Walter Ulrich will not in future be concerned with the Arts. I think an announcement about this may be made in the middle of this week, but I am giving you this advance notice partly to keep you in touch and partly to explain why you have not heard from us for a little while.

L H Brandes

L H Brandes



10 DOWNING STREET

From the Private Secretary

MR. D.P. LAUGHRIN
CIVIL SERVICE DEPARTMENT

The Prime Minister spoke to Sir Ian Bancroft today about the Office of Arts and Libraries.

The Prime Minister said that she had refused the Chancellor of the Duchy's request for a full-time Deputy Secretary at the head of the Office, but had agreed that the current Under-Secretary could, in that rank, become Head of the Office. She had made it clear that there could be no question of expanding the staff of the Office at present. She had also told the Chancellor of the Duchy that the Office must remain physically in the Department of Education and Science. She had pointed out that she did not regard the Office as now permanently attached to the post of the Chancellor of the Duchy of Lancaster: this was a personal arrangement in the case of the present incumbent.

The Prime Minister also mentioned to Sir Ian Bancroft the considerations she had in mind about further Ministerial assistance on the Arts. She would wish to discuss this further with Ministers directly concerned.

The Prime Minister would be grateful if Sir Ian could now set in hand these management arrangements.

M. A. PATTISON

29 August 1979

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SUBJECT

✓ MAP

MANAGEMENT IN CONFIDENCE

NOTE OF A CONVERSATION BETWEEN THE PRIME MINISTER AND SIR IAN BANCROFT AT 10 DOWNING STREET AT 1545 ON TUESDAY 28 AUGUST 1979

The Prime Minister told Sir Ian Bancroft that she had discussed the Chancellor of the Duchy of Lancaster's request for some re-arrangement in the Office of Arts and Libraries. She had taken the middle course amongst those offered for consideration by Sir Ian Bancroft. She had therefore told the Chancellor of the Duchy of Lancaster that:

1. The Office of Arts and Libraries must remain physically located within the Department of Education and Science. She had added that the arrangements for Mr. St. John-Stevas to supervise the office were personal to him and did not imply a permanent link with the Chancellor of the Duchy of Lancaster;
2. The Office could not have a full-time Deputy Secretary;
3. The Office could retain its existing Under Secretary as Head, remaining in his present rank;
4. There could be no expansion of staff in the other levels.

The Prime Minister referred to the problems which Mr. St. John-Stevas would face in his role as Leader of the House. He therefore needed support in the Office of the Arts. She therefore had it in mind to ask Mr. Paul Channon, Minister of State at the Civil Service Department, to devote some of his time to assisting the Chancellor of the Duchy in his Arts responsibilities. She would raise this with the Lord President of the Council and Mr. Channon when an opportunity arose. She had considered alternatives.

There might be too many Ministers in the Foreign and Commonwealth Office, Department of Trade, Department of the Environment, and the Northern Ireland Office, and she would tackle this in due course. For the present the proposed arrangement seemed the best solution. Mr. Channon had an interest in this field.

/Sir Ian Bancroft

Sir Ian Bancroft commented that Mr. Channon would be busier when the option cuts exercise developed, but he had a substantial working capacity and would no doubt be able to cope.

28 August 1979

Subject.

CONFIDENTIAL AND MANAGEMENT
IN CONFIDENCE

Conf. machinery

✓HAP

NOTE OF A MEETING AT 10 DOWNING STREET AT 1500 HOURS ON 23 AUGUST

Present

Prime Minister
Chancellor of the Duchy of Lancaster
Mr. Ian Gow M.P.
Mr. M.A. Pattison

After exchanges about the Chancellor of the Duchy's motor accident the previous evening, the Prime Minister turned to the Chancellor's function in Government. His role as Leader of the House was going to be troublesome and demanding in the winter. Major legislation was in prospect on trade unions, housing, education and nationality. This had to be his top priority. She asked whether there would be any remaining demands on his time from the devolution issues. The Chancellor of the Duchy was confident that he could handle the devolution questions, which should not amount to much.

The Prime Minister said that the Government and its supporters would need to master the procedural arguments. On the Opposition benches Messrs Rooker and Cryer, amongst others, are now very effective on procedure. Some of the younger Conservative Members such as Mr. Tristan Garel-Jones were interested and should be encouraged to follow up their interest.

The Prime Minister asked how much time the arts' responsibilities took: responsibilities as Leader of the House must come clearly first. The Chancellor of the Duchy of Lancaster ^{said} that he had used the recess period to take in a number of events in his capacity as Minister for the Arts, and he had also been handling the issues arising from public expenditure decisions. The Prime Minister said that she had not yet done anything about the Chancellor's request for further assistance. The Government was already only

/one Parliamentary

one Parliamentary Secretary smaller than the Labour Administration. She was not therefore prepared to increase the number of Ministers. She was also reluctant to remove someone from another post. The Chancellor of the Duchy of Lancaster had further suggested that Mr. Paul Channon might be able to help. It seemed he might have a reasonable light load in his present responsibilities. The Chancellor of the Duchy of Lancaster regarded this as an excellent proposal, and was entirely confident that they would work well together. The Prime Minister said that she would discuss this with Mr. Channon and others involved. She stressed that he would have to be seen as part of the Department of Education and Science in respect of any role in relation to the arts. At a time of expenditure constraints, a physical move for the arts' staff was out of the question. The Chancellor of the Duchy of Lancaster hoped that something might be possible in the future. The Prime Minister said that the time would come when the Chancellor of the Duchy's other responsibilities might cause him to want to give up arts responsibilities. These still rested essentially with the DES: the recent transfer of functions had been for Mr. St. John-Stevas personally, and was not necessarily a permanent arrangement.

In discussion of staffing, the Chancellor of the Duchy of Lancaster stressed that he was unhappy with current arrangements. Whilst he personally would be content to have an office headed full-time by the Under Secretary he was concerned at the possible loss of status in Whitehall.

The Prime Minister asked if any change was necessary. The Chancellor of the Duchy of Lancaster said that if he was to be satisfied with a full-time Under Secretary some strengthening at Assistant Secretary level would be necessary. The Prime Minister emphasised that there would be no question of additional staff. The staffing structure must remain as it was, with the possible economy of the present time devoted to the arts by a Deputy Secretary. She would be prepared to make the present Under Secretary Head of the office at his current rank. She would also discuss with Mr. Channon the possibility of his sharing the arts' load to enable the Chancellor of the Duchy to give maximum energy to his role as Leader of the House.

/The Chancellor of

- 3 -

The Chancellor of the Duchy of Lancaster said that he would be quite satisfied with these arrangements. The Prime Minister said that she would discuss them with the Lord President of the Council, the Head of the Civil Service and Mr. Channon.

Discussion then turned to the progress of the Government's legislative programme. The Chancellor of the Duchy asked the Prime Minister to ensure that Ministers did not bypass him and the Chief Whip on the House of Commons Procedural Questions. The handling of the Competition Bill had been disastrous because procedural decisions had not been taken through the proper channels. The Prime Minister recognised this and enquired on the progress of the main Bills in the legislative programme. She mentioned that Mr. Prior had been talking of Trade Union legislation in two Bills. The Chancellor of the Duchy said that he would be strongly opposed to this. The Prime Minister asked that he should add his weight to the views she had already expressed to Mr. Prior on this point.

The Chancellor of the Duchy said that he was worried there might be seven or eight Bills requiring guillotine motions, which was almost unprecedented. The Prime Minister stressed the need to get ahead with the drafting of the main Bills. There should be no more than one guillotine at a time. She instructed that her Private Office should chase progress in the drafting of Housing, Education, Trade Unions and Nationality Bills.

The Chancellor of the Duchy said that the legislative programme was likely to keep the House sitting until August of next year, possibly with some hang-over. If the programme got too crowded, his advice would be to leave the Nationality Bill aside. The Prime Minister said the Government had to do what it had to do in immigration. The Chancellor said that the Government could achieve its objectives without a Bill.



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Gut. Mach.

10 DOWNING STREET

From the Private Secretary

MISS S.F. BADHAM
SIR JOHN HERBECQ'S OFFICE
CIVIL SERVICE DEPARTMENT

Sir Ian Bancroft advised the Prime Minister about the structure of the Office of Arts and Libraries in his minute of 6 August.

The Prime Minister today had a discussion with the Chancellor of the Duchy of Lancaster which touched on this among other matters. Their conclusion was that the office should be headed by the existing Under Secretary, in that rank, and need not require the part-time attention of a Deputy Secretary. There would be no expansion of staff at Assistant Secretary level or below to compensate for this reduction in senior management.

These arrangements may be linked to some new dispositions of Ministerial time. The Prime Minister will wish to discuss this with Sir Ian Bancroft and the Lord President in due course. She may take the opportunity to raise these issues with Sir Ian when he calls on her for other reasons on 28 August.

The purpose of this minute is therefore to ask you to forewarn Sir Ian's office of this before his meeting next week. I have not copied this minute elsewhere.

M. A. PATTISON

So

23 August 1979



Govt Mach

MANAGEMENT IN CONFIDENCE

MR PATTISON

ACCOMMODATION FOR THE OFFICE OF ARTS AND LIBRARIES

Ian Bancroft, who is currently on leave, wrote to Mr Whitmore on 6 August about the senior staffing and accommodation of the Office of Arts and Libraries.

2. One of the possibilities for alternative accommodation mentioned in the annex to that minute was 7/8 St James' Square. It is now less likely that the Arts Council will occupy the building; this casts further doubt on the possibility of the OAL taking some space there.

John Herbecq
23 August 1979

800 March

1.

PRIME MINISTER

As you will see from the minute below from Sir Ian Bancroft, Mr. St. John Stevas has returned to the charge on the questions of the senior staffing of the new Office of Arts and Libraries and its accommodation.

Do you agree that Sir Ian Bancroft should tell Mr. St. John Stevas on his return from holiday that he may have - notwithstanding the disadvantages set out in Sir Ian's minute below - a full-time head of the O.A.L. at Under Secretary level, but that the O.A.L. should remain in Elizabeth House?

Alternatively, since it is not unlikely that Mr. St. John Stevas will not take what Sir Ian Bancroft says as the last word on the subject, you may prefer to see him yourself. You said when you saw Sir Ian Bancroft on 6 June that if Mr. St. John Stevas pursued the matter further - as he is continuing to do - you would talk to him yourself (paragraph 5 of the note at flag A). He is due to return from his holiday on 13 August.

Which course do you wish to take?

9 August 1979

thus.

I will see Norman myself. no.

I sincerely agree with Ian Bancroft's conclusion. AM.

[after 1st day] Thurs 23/8/79
MS



MR C A WHITMORE

OFFICE OF ARTS AND LIBRARIES (OAL)

flay 'A'
I talked to the Prime Minister on 6 June about proposals which had been made to me by the Chancellor of the Duchy of Lancaster for changes in the senior staffing and accommodation of the new Office of Arts and Libraries. (You may like to refresh your memory of Mr Stowe's note of that talk).

Together with Sir James Hamilton, I have now been able to discuss these matters again with the Chancellor of the Duchy and, after reflecting on that discussion, he has returned to me seeking agreement to two proposals. These are:

- i. that the official designated as Head of OAL should work full time on Arts and Library work. The Chancellor of the Duchy would prefer this to be achieved by arranging for the Deputy Secretary who works half time on Arts and Libraries in the OAL and half time on Science in the DES to give up the Science work. He has gone on to suggest that if this is not possible the Under Secretary who currently works full time on the OAL, should become its Head. He has suggested the Under Secretary might need some additional support.
- ii. that there should be a commitment to find new accommodation for the OAL nearer to the Chancellor of the Duchy's office.

STAFFING

✓ As the Prime Minister knows, I do not feel able to support the Chancellor of the Duchy's idea that there should be a Deputy Secretary full time on Arts and Libraries work. I am clear that there is only enough Deputy Secretary level work to occupy an official at that level half time and at a time of the strictest economies on staff expenditure, I believe it would be wrong to ignore this. The Prime Minister fully agreed with this when I spoke to her.

I find the Chancellor of the Duchy's alternative suggestion - that the Under Secretary should be designated Head of the OAL - more difficult. It would have a number of disadvantages. The Arts world could see the change as a downgrading of its status in the eyes of the Government. In this status conscious world, the OAL would have difficulty in dealing on level terms with its major client bodies. It would create a staffing problem in DES where we would have to ask the department to implement a difficult reorganisation of the scientific and other work. It would have obvious implications for the Deputy Secretary line in DES. All these disadvantages are liable to be lasting.

But if the Chancellor of the Duchy places such importance on having a full time Head of OAL that he is prepared to accept the disadvantages, I do not believe that they - and those for the DES - are sufficient for it to be right for me to advise you to oppose this alternative proposal. This would be on the understanding that the new organisation would not



involve additional cost, and that it would need to be left to settle down for a reasonable period before further changes were considered, and the assumption would be that the Head of the OAL would remain at Under Secretary level. It would also seem appropriate to indicate that any additional supporting staff should only be authorised if on cost and work grounds they could be justified after, say a reasonable period of the operation of the new arrangements.

ACCOMMODATION

The Chancellor of the Duchy's wish for the OAL to be moved from Elizabeth House, for morale reasons and to allow them to be located nearer his own office, is equally difficult.

fly's

I have borne in mind the Prime Minister's instructions, contained in Mr Stowe's minute to me of 18 May and his note of ~~the~~ 6 June meeting, and do not believe there is a solution which would not involve additional cost. I have set out the considerations in Annex A. I do not therefore believe the Chancellor of the Duchy's wishes can be met in this respect.

I would be glad to know the Prime Minister's views on these matters so I may respond to the Chancellor of the Duchy when he returns from his holiday.

I am copying this note to Sir James Hamilton.

JRB

IAN BANCROFT
6 August 1979

PROBLEMS OVER MOVING THE OAL (30 STAFF) FROM ITS PRESENT LOCATION IN ELIZABETH HOUSE

If the OAL were transferred it would need its own support staff and would not be able to share common services with DES. This could involve up to 12 staff to provide typing, photocopying, messengerial, custodial and registry services. It is doubtful if equivalent savings could be made at DES - where the service can be provided more economically on a shared basis. The increased cost could be up to £40,000.

2. It could be difficult to fill the space vacated by the OAL - it is not needed by DES and it is always difficult to move a small number of staff from another department into such a building. If it remained vacant it could mean a notional loss of £150,000 a year.

3. All of the alternatives suggested by the Chancellor of the Duchy would either be impracticable or involve additional costs:

- i. Richmond Terrace - this is uninhabitable and will not be restored for at least 3 years.
- ii. 85 Whitehall - there is insufficient space available for the OAL.
- iii. 7/8 St James's Square - when this is vacated by the Department of Employment over the next 3 months the lease is due to be surrendered. If, as expected, the Arts Council take the tenancy they would be likely to charge about £200,000 a year for the space. It is not known if they would wish to sub-let to OAL - and the relationship could be awkward politically and presentationally. In any case, this accommodation is not that much nearer to the Chancellor's office than Elizabeth House!

4. Other possibilities examined by the PSA - the Bridge Street site and America House, Spring Gardens, would amongst other problems be likely to involve initial expenditure of the order of £60,000 to make the accommodation suitable.

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CONFIDENTIAL



Chancellor of the Duchy of Lancaster

Govt Mch
Cabinet Office
70 Whitehall London SW1
Telephone 01-2338355 5826

19 June 1979

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PRIME MINISTER

Dear Nick

You asked about

this
MS

We spoke briefly about the organisation of the Chancellor of the Duchy's Press Office.

Ans.

As you know, under the previous Administration the Leader of the House (and Lord President of the Council) had a small Press Office here consisting of two Press Officers supported by a Clerical Officer. Their main duties related to Leader of the House matters, and these did not alter significantly when the Chancellor of the Duchy was appointed Leader of the House.

Sir Ian Bancroft wrote to the Chancellor of the Duchy about the arrangements for the transfer of Arts and Libraries' responsibilities to him. The proposals included the assignment of a Press Officer from the DES. After careful consideration the Chancellor concluded that the staffing of the Press Office which he inherited here would be sufficient to meet his needs on both the Parliamentary and the Arts sides and that he would not, therefore, need additional Press support assigned from the DES. The situation is therefore that as from today, we no longer look to the DES for assistance on arts' press matters and handle the entire operation from the small Press Office here which, as you know, is located alongside the Chancellor's Private Office in Number 70, Whitehall.

Yours ever
John Stevens

J W Stevens
Private Secretary

Nick Sanders Esq
Office of the Prime Minister
10 Downing Street
LONDON SW1

CONFIDENTIAL



19 JUN 1979

Gout March
1.PRIME MINISTEROrganisation for the Arts

When you saw Sir Ian Bancroft on 6 June he raised with you the question of Mr. Norman St. John-Stevás' wishes on the organisation for the arts. You directed that there should not be a Deputy Secretary engaged full-time on the administration of the arts but that the post should continue to have responsibility for science as well; and that the staff involved in the arts administration should remain in their present location in the DES. You said that if these arrangements were not acceptable to Mr. St. John-Stevás, you would consider reverting to the previous pattern of organisation. In this connection Sir Ian Bancroft said that it might be prudent if he took discreet steps to hold up the Transfer of Functions Order. Since your meeting with Sir Ian Bancroft Mr. St. John-Stevás has not reverted to this subject, though we heard of continued rumblings of discontent last week and he had an opportunity to

He didn't raise the matter with you when you saw him last Thursday.

Sir Ian Bancroft has now told me that he can hold up the Order no longer without it becoming obvious that he is dragging his feet. In view of the fact that you have now heard no more from Mr. St. John-Stevás, may I tell Sir Ian that he can allow the Order to go ahead?

1
Yes OK

THW.

Sir I. Bancroft M.A.

THW

20.6

19 June 1979

PRIME MINISTER

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PA

You asked at this morning's media meeting about the reports in the Guardian and the Daily Telegraph concerning the role of Mr. St. John-Stevas and his staff. I am told that Mr. St. John-Stevas did indeed speak personally on Friday to the two journalists concerned.

→

MS

ms

18 June 1979

CONSERVATIVES PUT ACCENT ON PRIVATE ARTS PATRONAGE

By FRANCES GIBB

A MAJOR shift in Government arts policy from public to private patronage has been outlined by Mr St John-Stevas, Arts Minister, in an interview with *The Daily Telegraph*.

He said that there will be "no great sums" for the cuts from the Government in future. "State-side expansion has come to an end," he said.

"While the public support policy will continue in this economic and political climate it will be totally unrealistic to look to the public sector for large sums," he added.

"We must look to the private sector for new sources of money. That's where the possibilities for the future lie."

The Conservatives had cut direct taxation and would cut it further. Measures to be considered include tax concessions for those who give art works to public galleries and an extension of the charities law to embrace arts as well as education. Capital Gains Tax is also to be reviewed.

In an attempt to defend the Budget's £5 million arts cuts Mr St John-Stevas said that the arts had been treated "very fairly."

"When you get Government policy to cut back public expenditure and the Government is elected on that platform, it is totally unreasonable for the art world to claim exemption."

'More cuts'

He emphasised that what had been done for the arts was to remove them from the Education Department. There were more cuts to come, he said, and the arts would benefit by being away from a larger Department.

The new arts Department is to be called the Office Of Arts and Libraries. It will have a Civil Service staff of about 40 but will include the staff from the Victoria and Albert and Science museums.

"This is the most important single step for the arts," said Mr St John-Stevas. "It flows from my Cabinet appointment."

He said that policy discussions were taking place over a Bill to set up a National Heritage Fund for which, he said, he had "protected" the money available.

"This year's cut in the Land Fund which is to be replaced by

a Heritage Fund, was not as serious as people said because claims in the last few years had never been more than £2 million in one year," he said.

The cuts, which meant reductions in the annual grants of every national gallery and museum, and a £1 million slice off the Arts Council as well as the £1,500,000 cut in the yearly amount for the National Land Fund, has dismayed the art world.

"Candle-end saving"

Before the Election, Mr St John-Stevas reiterated Mrs Thatcher's pledge that there would be no "candle-end savings" in the arts. "But if £22,000 from the Portrait Gallery's £1,200,000 grant is not a candle-end saving, I don't know what is," said one museum administrator.

Collectors and dealers are particularly upset about increased VAT which, they argue, will lead to a massive increase in art works exports.

Living artists, they say, now have a 15 per cent. fiscal incentive to sell their best works abroad, where they do not have to pay VAT on profit.

Major works of the national heritage are threatened. "All works are, already lost abroad at a rate of one a month," said Mr Brinsley Ford, chairman, National Art Collections Fund, which helps museums to buy art works. "But now this rate will be greatly increased."

The £1½ million Land Fund cut, means that if a stately home and its collection come on the market there is only £4 million to save it.

The cuts have provoked widespread criticism among MPs, museum directors and art experts. "The Arts Minister has bowed the knee to the Treasury against his better judgment," one art expert said yesterday.

Mr Andrew Faulds, Labour MP for Warley E., called on Mr St John-Stevas to resign from the Cabinet.

Stevas forms separate arts ministry

By Nicholas de Jongh
Arts Correspondent

AN embryonic arts ministry, financially independent of the Department of Education and Science, has been created by Mr Norman St John-Stevas, Arts Minister and Leader of the House of Commons.

The new Office of Arts and Libraries, will be directly funded by the Treasury and have its own civil servants. The department will be attached to the Duchy of Lancaster whose chancellorship Mr St John-Stevas holds.

This move will give him greater bargaining strength to fight against cuts in spending on the arts.

An end to 15 years of growth in the arts through public funding by the Arts Council will begin to be felt fully by national and local arts organisations in the next financial year, 1980-1981.

This will come at a time when local authority support for the arts, carefully encouraged by the Arts Council for the past decade, is also threatened.

The average 2.00 per cent cuts on arts expenditure includes a cut of about 1.6 per cent on the Arts Council's

Leader comment, page 12

grant in aid which will mean that a few new projects may now have to be cancelled.

But Mr St John-Stevas is certain to investigate the possibilities of fiscal changes allowing far greater support for the arts from business and individuals.

The new department will take overall arts responsibilities formerly administered by the DES. Successive arts ministers have objected to arts budgets being controlled by the Education Secretary.

When education and artistic priorities have to compete there is no question of where the axe falls. It is a lesson which Mr St John-Stevas had to learn before he achieved the formation of his own department.

The new office will be administered from Mr St John-Stevas's department at the Privy Council offices. But civil servants will have to remain at the DES headquarters for the time being.

The head of his private office is Sir John Stevens, an assistant secretary and Miss Mary Giles, who has served four arts ministers as private secretary.

The department's independence will be underlined by the fact that an arts press department, dealing with questions relating to national museums, galleries and arts policy, will also be housed in the Privy Council office.

An arts question time in the Commons has also been established and Mr St John-Stevas will make his first replies today.

The new department will also be responsible for the Victoria and Albert Museum and the Science Museums.

Among the most urgent priorities for Mr St John-Stevas will be the threat of public expenditure check on expansion in the arts. The Arts Council's procedure of allowing grant in aid increases only to those organisations which have fully spent their last subsidy is likely to be one of the first subjects to be discussed.

This system has been regarded privately as an incentive for big and small companies to spend all they receive in one year to ensure their grant in aid is maintained and increased the next.

The Government would like to see a system by which organisations budget to complete a financial year with reserves which could be carried forward. But Mr St John-Stevas's room for manoeuvre is limited since the Arts Council's independence has always been regarded as integral to its existence.

After the cuts in grant in aid to the National Film Finance Corporation the chances of creating a British film authority—on the lines to which the Labour government was committed—are now likely to be doomed.

The wish among many leading directors and producers in the film industry for an Arts Minister rather than for a Department of Trade junior minister to have responsibility for the cinema has not yet sounded either loud or clear.

The new Arts Minister, although he has been persuaded of the financial advantages to accrue from a revived British producing film industry, has not in the past been convinced of the practical value of discussing with the Department of Trade such a major transfer of responsibilities.

Govt. Mach.
Mr. P. H. Stowe *Ad*

MR K. R. STOWE ✓

CHANCELLOR OF THE DUCHY OF LANCASTER

PS/2nd Perm Sec
Mr Wilding
Mr Pearce
Mr Russell

ARTS AND LIBRARIES RESPONSIBILITIES

Thank you for your minute of 31 May. I am glad that you are content with the majority of the arrangements we propose to make for the Office of Arts and Libraries.

I have reflected carefully on what you say in the latter half of your minute about the accommodation of the staff and the need to have a Deputy Secretary devoting his full time and attention to the Arts and Libraries. For the reasons Sir James Hamilton and I explained when we met you, I am afraid I do still see the greatest difficulty over meeting your wishes on moving your staff in the reasonable future and on transferring a Deputy Secretary to Arts work on a full time basis, instead of (as now) his combining it with responsibility for Science.

I appreciate your point that a sense of identity can arise from separate accommodation, but I am confident that with your commitment and leadership this identity - which is already fostered under the present arrangements within DES - can be established.

I also understand your wish for a full time Deputy Secretary; but it is very early days to assess the extent of any increased work load. And experience in recent years seems to me to indicate clearly that I could not justify a full time appointment to the Prime Minister. I am sure that any practical difficulties which arise can be overcome. It would be very bad for the morale of all concerned if the Deputy Secretary found himself under-employed and under-stretched, as I judge he would on a full time basis. It would be particularly bad in the present climate of ~~constraint~~ on manpower and other resources.

I am sorry to return what must seem an unhelpful answer to you. But I must act in accordance with the Prime Minister's general instructions to me. I hope, on reflection, that you will feel able to accept the position.

I am copying this minute to Sir James Hamilton.

*IB*IAN BANCROFT
6 June 1979

*Copy in Apppts. filing.**Govt Mach*

10 DOWNING STREET

From the Principal Private Secretary

SIR IAN BANCROFT

This is to confirm the conclusions reached in your discussion with the Prime Minister this morning, as follows:

1. In your review of Departments that you had visited, at the Prime Minister's request, you noted -
 - a. Mr. Prior was delighted with the addition of Mr. Douglas Smith as a Deputy Secretary. The Prime Minister noted that she had told Mr. Smith that he was to be very firm on industrial relations matters and she repeated her strongly-held view that the recovery of freedom and responsibility in this area should be a slow step-by-step process, not a dramatic dash.
 - b. You reported that at the Department of Energy there was one Deputy Secretary too many and that you hoped to get one out fairly soon. The Prime Minister expressed interest in the idea of some one leaving the Department to go into industry, although the difficulties were recognised. She also noted that there had been far too much movement at Under Secretary level over the last year for the Department's good. She welcomed your suggestion that they should look for a high-level recruit to the Department with relevant business and/or banking experience, either to work full or part-time. The Prime Minister cautioned, ^{however,} against taking any one in from the big oil bureaucracies, and still more from Burmah. oil.
 - c. You reported that Mr. Heseltine was exuberant in his opinion of officials in the Department of the Environment, although the Prime Minister recorded dissent on one particular aspect. She asked whether the Department was over-staffed

/generally

generally and noted your judgement that that it had certainly grown very big, and housing perhaps too big, and that PSA was both huge and labour intensive.

2. The Prime Minister asked you to look next, and speedily, at the Department of Education and Science. She thought they were not working well, and that in the recent cuts exercise they had been pulling the wool over a new Minister's eyes. She would then like you to look at DHSS.

3. She discussed with you a successor to Mr. Henry James as her Press Secretary and welcomed the third of your suggestions. You undertook to sound him out and report progress. Meanwhile she would consult Lord Robens about the timing of the handover, but had in mind that it should take place in mid-September.

4. As regards the Chairmanship of the CPRS, she would wish to speak urgently to Frank McFadzean, who was a possible candidate, but she wanted first to consider whether he should be offered the Chairmanship of BNOC. [Since your meeting she has discussed this proposition with Mr. David Howell who welcomed it and we have a line out for Frank McFadzean to see the Prime Minister as soon as possible, and perhaps later this week, so that she can put the proposition to him.] If this proposition were fulfilled, then she saw much merit in asking Sir Kenneth Berrill to continue as Chairman of the CPRS until he was 60, although she would then want to establish a completely new relationship between herself and the CPRS.

5. You reported on Mr. Norman St. John-Stevas's comments about his arts administration. The Prime Minister directed specifically that there should not be a Deputy Secretary full-time engaged on the arts side but that the post should continue to have responsibility for science as well; that the staff engaged on the arts administration must remain in their present location in DES; and that if these difficulties stood in the way of an effective Minister of the Arts, then she would consider reverting to the previous pattern. In this connection you noted that it might be prudent to hold up the Transfer

/of Functions

of Functions Order. She asked you to reply to Mr. Norman St. John-Stevas in accordance with her views, indicating that it would be contrary to the Prime Minister's instructions to you to accede to his requests; and she said that she would talk to him herself if she wished to pursue the matter further.

KKS.

6 June 1979



BC-8/7

SIR IAN BANCROFT

ARTS AND LIBRARIES RESPONSIBILITIES

I am most grateful to you and Sir James Hamilton for taking the time to come and discuss with me the arrangements for the transfer of responsibility for the Arts and Libraries Branch from the DES to myself as Chancellor of the Duchy of Lancaster. Thank you also for the draft note which you have kindly sent me and the memorandum.

With regard to this note, may I first express my appreciation of:

- 1 the financial arrangements suggested so that I deal direct with the Treasury and have my own separate accounting officer for the Arts and Libraries Branch.
- 2 I agree that it is sensible for the mechanical financial operations and related establishment matters to be carried out through the DES.
- 3 I agree that there should be an extra Press Officer assigned to me to deal with the Arts. As agreed in conversation, I would like this Press Officer to work out of my office here at the Privy Council, and the whole press operation to be handled from this office. This is necessary in the interests of speed and efficiency. I have not found it satisfactory for these matters to be dealt with through the DES.
- 4 I agree that the title of my office should be Office of Arts and Libraries.
- 5 I am content with the arrangements made for my Private Office and approve the assignment of an additional Private Secretary to specialise in Arts and Libraries. I am extremely pleased to have the services of the able and experienced Miss Giles.

cont/..



I have one important point of reservation, namely the statement that "all the above staff would continue to be located as at present, in accordance with what are understood to be the Prime Minister's wishes." On appointment, I had specifically asked the Prime Minister if I could take the staff with me to the Duchy of Lancaster and she readily gave her agreement. As will be known, the Arts staff were found a separate dwelling by Lord Eccles some years ago when the Prime Minister was Secretary of State for Education. The arrangement worked extremely well. I found it very satisfactory when I was Minister for the Arts last time around and so did my successor, Mr Hugh Jenkins.

I appreciate that there are difficulties at the moment in finding suitable accommodation near at hand, but I would like an eye to be kept open to find this within a reasonable time. I attach great importance to the sense of identity which comes from having separate accommodation. There should not be great extra expense involved, as the offices at the DES at present used by the staff would become available for other purposes.

With regard to the memorandum, I would like to make the following points:

- 1 I regard it as essential that there should be a Deputy Secretary devoting his full time and attention to the Arts and Libraries. This was the case in the past and it was so when I was Minister for the Arts before. Apparently, Lord Donaldson agreed that there should be a dual role for the Deputy Secretary in relation to Arts, Libraries and Science. I do not know the circumstances at that time but within the old context I certainly would not have agreed to it. Now that the OAL is out of the DES and responsible directly to me, I would find it quite inappropriate to have the head of my office exercising responsibilities in another Department - the overlap could lead to grave practical difficulties. Furthermore, now that the Arts are represented directly in Cabinet there has been an upsurge of interest in the Arts world in our activities which has increased the workload, and this is liable to continue. Finally, I believe it would be inappropriate, with the raised status of the Arts in the Government, not to have a full time Deputy Secretary.

cont/..



2 With regard to Mr Ulrich's continuing to discharge the responsibilities of Deputy Secretary for the Arts and Libraries, you will be aware of the concern that has been expressed about the relationships between the Arts world and the civil servants in the Arts branch. Unfortunately, this criticism which I attempted to deflect broke into the press and eventually, I felt it necessary to write a letter on the subject to the Daily Telegraph, a copy of which I attach together with a relevant leading article. I cannot of course pass any kind of judgment on events which occurred before my assumption of responsibility but discontent, dissatisfaction and indeed, distrust, is an unfortunate fact of which account has to be taken. In these circumstances, with a new Minister it might well be thought advisable to have a change of Deputy Secretary. I appreciate, however, that because of the publicity this might adversely reflect on Mr Ulrich's reputation and I am anxious to be fair and just to him. I do not think I will find it easy to work with Mr Ulrich, and he may well have come to the same conclusion with regard to myself. However, his personality apart I have formed a high opinion of his ability. In these circumstances, I would suggest that he occupy the post of full time Deputy Secretary for the Arts and Libraries and we see how things work out. After a reasonable interval of time we could review the situation, from both our points of view.

N.S.

N St. J.S.

31 May 1979

CONFIDENTIAL

Govt Machinery



10 DOWNING STREET

From the Principal Private Secretary

SIR IAN BANCROFT

Machinery of Government Changes: Arts

The Prime Minister has now considered carefully your minute to me of 14 May about the transfer of Arts responsibility from the Secretary of State for Education and Science to Mr. St. John-Stevas.

The Prime Minister thinks it would be quite wrong to create a new post of Secretary of State for the Arts and she sees equal objection to creating a new post of Minister of the Arts. In her judgement, the straightforward course, notwithstanding that it might require more substantive action later on to unscramble the arrangement, is to transfer the Arts responsibility directly to the Chancellor of the Duchy of Lancaster.

The Prime Minister also commented that, as I had indicated to you earlier, she does not wish any administrative changes to be made, e.g. by relocation of staff or other expensive adaptations, in consequence of Mr. St. John-Stevas taking on the Arts responsibility.

K.R.S.

18 May 1979

CONFIDENTIAL

M

MR STOWE

MACHINERY OF GOVERNMENT CHANGES: ARTS

I hope to let you have quite soon a report on the administrative and legal aspects of implementing the machinery of government changes which the Prime Minister has made and which I have discussed with the Permanent Secretaries concerned. There are still one or two outstanding issues which the Ministers in charge of the Departments involved are considering. Meanwhile, however, it would be helpful to have the Prime Minister's decision on a point which arises on the transfer of arts responsibilities to Mr St John Stevas.

2. The decision that Mr St John Stevas should carry Ministerial responsibility for the Arts involves abstracting the Arts and Libraries Branch and the two Departmental Museums (the Victoria and Albert and Science Museums) from the Department of Education and Science.

Detailed organisational arrangements for doing this are being worked out for approval by Mr St John Stevas. But the point for decision by the Prime Minister concerns the best way to achieve the transfer of the relevant statutory powers.

3. There are three possibilities:

a. The easiest course would be to create a new post of Secretary of State for the Arts which Mr St John Stevas could hold concurrently with the office of Chancellor of the Duchy of Lancaster: he would receive a Ministerial salary only in the latter capacity. The bulk of the powers in the arts field could be transferred to the Secretary of State for the Arts administratively: a "tidying up" Transfer of Functions Order, subject to negative resolution, would be required subsequently to transfer those powers vested in the Secretary of State for Education and Science by name. This arrangement would also facilitate any re-allocation of responsibilities in the future if the Arts portfolio were no longer to be associated with the office of Chancellor of the Duchy of Lancaster.

If there were objections to this course—and I can well understand there might be — there are two further options, both of which would require a Transfer of Functions Order, subject to negative resolution. This Order could be prepared within two or three weeks. In the interim, Mr St John Stevas could discharge the Arts responsibilities, although formal instruments, eg payments to various bodies, would have to be signed by the Secretary of State for Education and Science.

b. The preferable course would be to transfer the powers to a new post of Minister of the Arts, which could be created under the Prerogative. In this way a clear distinction would be preserved between Mr St John Stevas' responsibilities as Minister of the Arts and those of Chancellor of the Duchy of Lancaster and there would be a separate Department of the Arts. This arrangement would facilitate the public presentation of his Arts role. In addition, any future re-allocation of the Arts responsibilities could be achieved more easily since they would be vested in a self-contained Ministerial Office. Mr St John Stevas

Prime Minister.

1. Do you agree to the formal transfer of powers to Mr. St. John Stevas relating to Arts? if so -

2. The issue is whether you want him to be Secy. of State for the Arts or Minister for the Arts. Suggest the latter.

K.N.S. 14/6

Who? There is no reason why the number of

— they could then work more readily well.

Non-renewal

See no reason for this. Mr. St. John Stevas holds 2 posts one senior, one junior

as in a. also as in a.

again, as in a.



would receive his Ministerial salary as Chancellor of the Duchy of Lancaster and would be unpaid as Minister of the Arts.

c. It would be possible in law to transfer the Arts responsibilities to the Chancellor of the Duchy of Lancaster: it would not be unprecedented to vest powers in an office of this kind but it would be unusual and no distinction in law would be created between his two roles. Moreover, the flexibility for re-allocating subsequently the various powers concerning the Arts would be lost since they would have to be removed from the Chancellor of the Duchy of Lancaster by means of a further Transfer of Functions Order.

I have not consulted Mr St John Stevas about this question but the Prime Minister might wish to do so before taking a decision. I have however cleared the legal points in this minute with Sir Henry Rowe, First Parliamentary Counsel.

IRB

IAN BANCROFT
14 May 1979



15 MAY 1973



COLLECTION

Grey Scale #13



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Centimetres

Colour Chart #13

Blue

Cyan

Green

Yellow

