

CONFIDENTIAL FILING

Prime Minister's meeting with Lord Cannington,  
Lord Windlesham, and Mr. Jacob Rothschild,  
23 October, to discuss museum buildings.

PRIME MINISTER

July 1987  
~~September 1987~~

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>4.9.87.</del> 19.10.87)							
PREM 19/2411							



SUBJECT  
cc MASTER



bc BG

10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

23 October 1987

Dear Eleanor,

MEETING WITH LORD CARRINGTON AND OTHERS

The Prime Minister this morning met Lord Carrington (Chairman of the Victoria & Albert Museum), Lord Windlesham (Chairman of the British Museum) and Mr. Jacob Rothschild (Chairman of the National Gallery) following Lord Carrington's letter to her of 21 July. Mr. Richard Luce, Minister for the Arts, was present.

Lord Carrington said that he and his colleagues spoke for all five of the national museums. All favoured self-help and all had done reasonably well in securing private finance. However, the private sector was not willing to fund unglamorous expenditure on roofs, drains, wiring and the like. The museums were scheduled in April next year to untie from the PSA. The fabric of the museums had been deplorably neglected over the years, and the museum managements would be faced with very severe difficulties in dealing with this inheritance. They were not unaware of the funding problems of the Government but they were very disturbed by the prospect of taking on the responsibility without knowing whether there would be adequate funds. Their wish was to receive one-off assistance to make up the leeway, though funds would not necessarily be required in a single year. The Victoria & Albert Museum, for example, required £20 million over three years. The PSA and independent surveyors had estimated that £100 million was needed for the five museums. In recent years some part of the backlog had been made up, but there was still a long way to go.

The Prime Minister responded that she understood the problem and their concern. The museums could if they chose begin to weed out duplicates in their collections and to sell unwanted items. There was a good case now for foregoing some Purchase Grant, on the understanding that the Government might give help for particular major acquisitions, and switching the money towards maintenance and repair. Indeed, there might be a case for amalgamating money for purchase and maintenance allowing the museums to vire as they wished. Mr. Luce noted that in recent years some money had been switched from Purchase Grants to maintenance and repairs.

ea



Lord Carrington pointed to the need for the Victoria & Albert to continue to collect contemporary items and argued that selling things from the collections could deter potential donors. Lord Windlesham noted that the British Museum was a study collection and was not only for display. Things which were seen as of no importance in one age sometimes became immensely valuable later, whether for study purposes or in terms of artistic value. The Purchase Grants were already small. Lord Carrington said that income from voluntary admissions charges would shortly allow the Victoria & Albert to re-open on Fridays. The other two museum Chairmen present seemed less enthusiastic about the possibility of charging for entry. Lord Windlesham referred to the problems caused for the British Museum by having to cope with as many as two million visitors a year. The Prime Minister said this suggested that a way of cutting down the number of visitors should be found. Lord Windlesham, however, shifting his position, then argued that more visitors helped shop sales and catering profits. Lord Carrington pointed to the difficulties caused for the museums by the way in which Civil Service pay over the last few years had risen faster than grant. The pay bill was 80 per cent of their expenditure. There was not much fat left to cut out.

Concluding the meeting, the Prime Minister said that the museum Chairmen should not expect too much, but that the message had been taken.

I am copying this letter to Jill Rutter (Chief Secretary's Office, HM Treasury).

John,

David.

David Norgrove

Miss Eleanor Goodison,  
Office of the Minister for Arts.



PRIME MINISTER

MEETING ON MUSEUM BUILDINGS, ETC.

Lord Carrington (V&A) is seeing you tomorrow, at his request, together with Lord Windlesham (British Museum) and Jacob Rothschild (National Gallery), to discuss the state of the fabric of the museums. The museum Chairmen are concerned about taking over responsibility for the buildings from the PSA while they are in poor repair.

Mr. Luce is coming in twenty minutes before the meeting to brief you.

Two of the Chairmen of the five major museums (the Chairmen of the Tate and Science Museums) are not coming, in order to make it a more manageable meeting.

The concern of the museum Chairmen is understandable. But:

- (i) since 1979/80, the Government expenditure on building and maintenance for the museums and galleries has increased by more than 30 per cent in real terms;
- (ii) you cannot pre-empt the Autumn Statement, but you can tell the Chairmen that the scope of what needs to be done is well understood and will be taken into account in the allocation of the Arts Budget;
- (iii) untying from PSA should give the museums welcome new flexibility.

I understand privately that the Chairmen may also suggest that the new British Library should be taken out of the Arts Budget in order to reduce the effect that has on funding for the rest of the programme. The point here is that St. Pancras has to



be considered in some context and balanced against other expenditures. But when an additional £19 million over three years was needed last year because of increased costs, that sum was found on top of the existing budget.

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DNW

David Norgrove

22 October 1987





OFFICE OF ARTS AND LIBRARIES  
Great George Street  
London SW1P 3AL  
Telephone 01-270 5929

CBS  
BLP

*From the Minister for the Arts*

C87/4326

David Norgrove Esq  
10 Downing Street  
LONDON  
SW1A 2AA

21 October 1987

*Dear David,*

**MEETING WITH LORD CARRINGTON ET AL**

Thank you for your letter of 19 October. I  
.. enclose a note about the British Library and  
the Arts Budget.

A copy of this letter goes to Jill Rutter in  
the Chief Secretary's Office.

*Yours,*

*Eleanor*

MISS E M GOODISON  
Private Secretary



## THE BRITISH LIBRARY ST PANCRAS PROJECT AND THE ARTS BUDGET

It has been suggested that the Museum Chairmen may raise the possibility that "the British Library should be taken out of the Arts Budget and handled separately".

This presumably means the cost of erecting the new British Library building at St Pancras, rather than the capital and running costs of the British Library as a whole.

### Line to take

Special provision for the new building at St Pancras has in fact been made in successive public expenditure surveys. The Arts Budget is larger than it would have been without the project. When an additional £19m over three years was needed last year because of increased costs, that sum was found on top of the existing budget. Like every other item of Government expenditure, however, the St Pancras project has to be considered in some context and balanced against some other expenditures. That can only be as part of the programme for which the Arts Minister is responsible.



### Background Note

The St Pancras project for the British Library worries the arts world, which believes that the project absorbs money that would otherwise be available for museums and galleries or for the performing arts. Sir William Rees-Mogg made the same point when launching the Arts Council's Annual Report two weeks ago.

There is something in the point. Although there has been substantial additional provision for the project, it has not been covered as to 100% by earmarked extra money. Since successive PES settlements have been arrived at in terms of an overall single figure for each year, it is impossible to say how much additional scope there would have been for other arts purposes if the St Pancras project had not been there; the arts budget would have been smaller, but perhaps not by the full amount. What can be said with some confidence is that there is less in this point than the arts world commonly supposes. The point of principle, however, should be upheld: no project can be "ring-fenced" completely and all expenditures should be assessed in a context of competition and priority.





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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

19 October 1987

**MEETING WITH LORD CARRINGTON ET AL**

Thank you for the briefing you sent with your letter to Mark Addison of 14 October.

I have heard - not from the Museum Chairmen - that they may suggest that the British Library should be taken out of the arts budget and handled separately. I should be grateful for a short note on this.

I am sending a copy of this letter to Jill Rutter (Chief Secretary's Office).

David Norgrove

Miss Eleanor Goodison,  
Office of Arts and Libraries.

RL



OFFICE OF ARTS AND LIBRARIES  
Great George Street  
London SW1P 3AL  
Telephone: 01-270 5929

*From the Minister for the Arts*

C87/4235

Mark Addison Esq  
10 Downing Street  
LONDON  
SW1A 2AA

RIS/10  
14 October 1987

*Dear Mark,*

**MEETING WITH LORD CARRINGTON ET AL**

As requested in your letter of 4 September I attach a brief for the Prime Minister's meeting on 23 October with Lord Carrington, Lord Windlesham and Mr Jacob Rothschild. My Minister will also attend.

The brief follows Lord Carrington's letter in concentrating on the needs of national museum and gallery buildings and on the additional responsibilities of Trustee Boards in this area when these institutions are "untied" from PSA next year. We understand that the three Chairmen intend to confine themselves to this, but my Minister will of course be ready to field points of detail if the discussion goes wider.

The brief has been cleared by the Treasury and PSA and the Treasury are content that it reflects their views, so they will not be submitting a separate note.

A copy of this letter goes to Jill Rutter (Chief Secretary's Office).

*Yours ever,  
Eleanor*

MISS ELEANOR GOODISON  
Private Secretary



MEETING ON MUSEUM BUILDINGS ETC

1100 FRIDAY 23 OCTOBER 1987

Those attending will be:

Lord Carrington	Chairman of Victoria and Albert Museum Trustees since Sep 83
Lord Windlesham	Chairman of British Museum Trustees since Sep 86
Hon Jacob Rothschild	Chairman of National Gallery Trustees since May 84
Mr Richard Luce	

Lord Carrington's letter of 21 July requesting the meeting (attached) was on behalf of "five of the major museums" ie also covering the Tate Gallery (Chairman Richard Rogers) and the Science Museum (Chairman Sir Austin Pearce). It was agreed subsequently that three would make a more manageable meeting.

The fact that the meeting is taking place, and the subject matter, has become public knowledge and has been reported in the press.



## POINTS TO MAKE IN DISCUSSION

1. Welcome opportunity to discuss concerns of national museums and galleries.
2. Am keen that Trustee Boards and Directors should have greater responsibility and freedom to manage their own affairs. A number of recent developments all point in this direction:
  - the change to grant-in-aid financing allowing more flexibility over use of receipts; encourages enterprise; allows more to be ploughed back into institutions
  - greater involvement of Boards in longer term financial and corporate planning. Hope this will develop still further
3. In this context, am sure that museums were right to press for "untying" from PSA. Was anomalous that Trustees should be responsible for collections but not for the buildings which housed them. An essential feature of managing the institutions as a whole.
4. Welcome the positive attitude towards the opportunities that "untying" gives you. It is not merely right in management/organisational terms but gives opportunities for greater value for money, greater responsiveness to changing needs etc.
5. [If pressed on freeholds] Transfer of ownership an integral part of untying. Ownership should lie with management responsibility. Alternative of full repair lease or licence etc unsatisfactory and would place no less responsibility on Trustees to maintain buildings.
6. Understand concern to ensure buildings kept in an adequate state of repair. Government recognise this as a priority for national museums and galleries. Has been deliberate shift of emphasis in allocation of funds away from purchase grants towards maintaining the buildings, conserving the existing collections etc.
7. Since 1979/80, Government expenditure on building and maintenance programme has increased by more than 30% in real [GDP] terms. Not a bad record by any standards. Against background of general public expenditure restraint, shows the importance that we attach to that programme. Shall continue to give priority to this.



Maintenance requirements have, I know, featured prominently in the discussions over Government spending plans for the Arts for the PES period. Cannot pre-empt today what will be said on this. But you can take it that scope of what needs to be done is well understood and will be taken into account in allocation of Arts budget.

9. Also greatly welcome initiative many institutions have shown in self-help, obtaining sponsorship/donations etc. Had pleasure of dining at National Gallery earlier this month to celebrate a number of spectacular successes. Other institutions have achieved similar (eg V & A Mediaeval Treasury; British Museum Japanese Gallery).



## BACKGROUND

### NATIONAL MUSEUMS AND GALLERIES: BUILDING AND MAINTENANCE PROGRAMME AND UNTYING

#### Present Arrangement with PSA

The building and maintenance needs of the eleven national museums and galleries sponsored by OAL are financed from the Arts programme but, under arrangements which will change next year, the resources are transferred to the Vote of the PSA who carry out an agreed programme of work on the OAL's and the institutions' behalf.

#### Untying from PSA

In July 1986, the Minister for the Arts announced that, in future, these institutions would no longer be tied to the PSA. Instead they would each be allocated directly an addition to their annual grant-in-aid for this purpose which they would be free to deploy (within certain constraints) with contractors of their choice. Major projects would continue to be subject to OAL approval.

Untying is to be accompanied by transfer of freeholds to the respective Trustee Boards. Some institutions remain uneasy about this without a guarantee of what they would regard as adequate maintenance funds.

#### Resources

The national museums and galleries are housed for the most part in historic or listed buildings which are expensive to maintain. The PES provision for building and maintenance is currently running around £34 million a year (including that for the Natural History Museum recently transferred from DES). About £20 million of this is spent on the five major institutions referred to in Lord Carrington's letter.

There has been a shift of resources away from purchase grants and towards the building programme (in particular a one-off boost in 1985/86 when purchase grants were cut). The state of repair of the buildings has nonetheless deteriorated.

Lord Carrington estimates the level of deterioration to amount to some £100 million for the five major museums. The PSA agree with this assessment but point out that, even if such sums were available, the work would have to take place over an extended period (seven or eight years minimum) to avoid unacceptable disruption. The total bill for all eleven of OAL's institutions would of course be higher.



To help concentrate the available public funds on essential maintenance, institutions have been encouraged to seek outside funds, particularly for new capital projects. Their success has been considerable eg:

V & A - Toshiba Gallery, Pirelli Courtyard, Mediaeval Treasury (Trust House Forte)

British Museum - Japanese Gallery

National Gallery - Sainsbury Wing

But the institutions argue that such sponsorship is difficult to obtain for basic maintenance, structural repair etc.

#### 1987 PES Settlement

It will not be possible to meet Lord Carrington's bid in full. However the three year PES settlement which the Minister is concluding with the Chief Secretary would give an overall increase to the Arts Budget as a whole (less the British Library, St Pancras project which is being treated separately) of:

	£m		
	1988/89	1989/90	1990/91
	27.0	31.0	33.5
	(11.7%)	(5.2%)	(3.7%)

These increases have yet to be allocated to individual arts bodies but the intention would be to give increases of this broad percentage order to the national museums and galleries and to continue the policy of weighting the allocations within that towards the building and maintenance programme.

The Minister proposes to make an announcement shortly after the Chancellor's autumn statement in which he will give the broad allocations within the Arts budget. The news for museums and galleries, while falling short of their bids, should be markedly better than the forward planning figures they were given earlier in the year (2%, 2½%, 2½%).

The speaking note hints that there should be good news to come, without pre-empting the November announcement.

#### RUNNING COSTS/STAFF SALARIES

Lord Carrington's letter also mentions, but without labouring the point, that increases in the running costs grants have lagged behind pay settlements (which are currently tied to Civil Service rates). He cannot actually mean though that "the wages bill has sometimes been nearly 100% more than the money provided". His point presumably (which is true) is that the pay settlement has sometimes been 100% higher than the increase in the money provided for running costs.

This is, of course, not unique in the public sector but it has a particularly marked effect on national museums and galleries which are, necessarily, highly labour intensive. The resulting squeeze has exerted pressure on the national museums and galleries to improve their level of efficiency but has also affected their level of activities in areas such as computerisation, education, services to the public, updating security and so on.



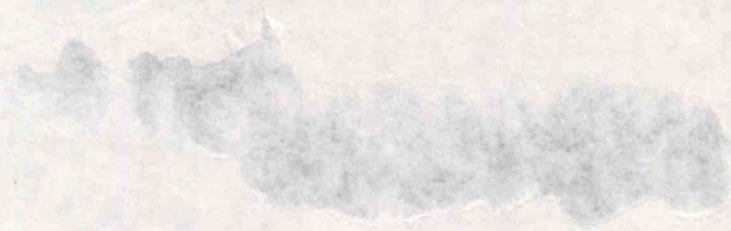
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MEETING WITH

CARRINGTON ETC

9/27

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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

4 September 1987

We have now arranged for the Prime Minister to see Lord Carrington, Lord Windlesham and Mr. Jacob Rothschild to discuss museum buildings on 23 October at 1100. I understand that this will be convenient from your Minister's point of view.

It would be helpful if you could let us have briefing by Thursday 15 October.

I am sending a copy of this letter to Jill Rutter (Chief Secretary's Office). It would be helpful if the Treasury could also provide a note for the meeting, setting out their views on Lord Carrington's proposal.

Chased  
on 16/10 //  
(Sheldon Kosky)

MARK ADDISON

Miss Eleanor Goodison,  
Office of Arts and Libraries.

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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

4 September 1987

Following our discussion on the telephone today, this is to confirm that the Prime Minister will be seeing Lord Carrington, Lord Windlesham and Mr. Jacob Rothschild at 11.00 a.m. on Friday 23 October. We have allowed an hour for the meeting in our diary.

(Mark Addison)

Ms. Joyce Smith

MS

GR

M b for 2 weeks  
if no news from Ms  
Smith, so that she can be  
checked. MGA 24/8

NOTE FOR THE RECORD

After a long tussle I have agreed with Lord Carrington's Secretary, Joyce Smith, that the meeting on Museums should be fixed (subject to the availability of the other participants) for 23 October at 11am.

I have confirmed that the plan as agreed between Jacob Rothschild and OAL is for Lord Carrington to be accompanied by Lord Windlesham and Jacob Rothschild only.

Joyce Smith will be ringing to confirm in due course.

MGA

MEA

4 August 1987



CF  
Nor for G.R.

D G 2 O C K

CR



10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

30 July 1987

Dear Michael,

MUSEUM BUILDINGS

Thank you for your letter of 27 July. The Prime Minister has agreed to see Lord Carrington, Lord Windlesham and Mr. Jacob Rothschild, and would be grateful if Mr. Luce could attend. We shall be in touch to arrange a time.

Could you please let me have briefing in due course. The Prime Minister would also be glad to know the Treasury's views on the proposition put by Lord Carrington.

I am copying this letter to Jill Rutter (Chief Secretary's Office).

*David*

David Norgrove

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

*hs*

MS (OAL)

TCB  
2/4



10 DOWNING STREET

PRIME MINISTER |

OAL recommend that you see Lord Carrington, Lord Windlesham and Jacob Rothschild rather than all five museum directors. The museum directors are content.

We shall arrange this meeting for September if you agree.

Content?

Yes not

*[Handwritten initials]*

Proof from Treasury  
please not

DN

29 July, 1987.



NIT CF



OFFICE OF ARTS AND LIBRARIES  
Great George Street  
London SW1P 3AL  
Telephone 01-270 5929

*From the Minister for the Arts*

C87/3199

David Norgrove Esq  
10 Downing Street  
LONDON  
SW1A 2AA

27 July 1987

*Dear David,*

**MUSEUM BUILDINGS**

Thank you for your letter of 23 July.

I have spoken to Mr Jacob Rothschild, Chairman of the Trustees of the National Gallery, who had a hand in the preparation of Lord Carrington's letter of 21 July. He has checked with the heads of the other three museums and galleries (British Museum, Science Museum and Tate Gallery) on whose behalf the letter was sent, and confirms that they would be content for their collective views to be represented to the Prime Minister by Lord Carrington, Lord Windlesham (Chairman of the British Museum) and Mr Rothschild. We think this would make for a more productive meeting than one at which all five are present, and recommend that the Prime Minister should agree to see these three representatives.

As to timing, we would suggest a date in September. I will let you have briefing (cleared with the Treasury) nearer the time.

I am sending a copy of this letter to Jill Rutter (Chief Secretary's office).

*Yours ever*

*Michael*

M C STARK  
Principal Private Secretary

Lord CARRINGTON  
30/7

MJ2BK



10 DOWNING STREET  
LONDON SW1A 2AA

A | 23 July 1987

*From the Private Secretary*

MUSEUM BUILDINGS

Lord Carrington's letter to the Prime Minister, below, asks her to meet the Trustees of the five major museums. I believe she will be inclined to agree to this, but I should be grateful for your urgent advice on whether she should agree to do so and on the timing.

I am copying this letter and enclosure to Jill Rutter (Chief Secretary's Office).

David Norgrove

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

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32A, OVINGTON SQUARE,  
LONDON, SW3 1LR

01-584 1476.

R23/7

21st July, 1987.

*My Dear Prime Minister*

I am writing on behalf of five of the major Museums - the British Museum, the National Gallery, the Science Museum, the Tate and the V & A - about their finances. This is not to complain about the Government's policy of getting Museums to take a bigger share of the burden through business sponsorship, public fund-raising, voluntary admissions or entry charges, and other earnings. We will do our very best. But our best cannot possibly provide the funds necessary to repair the buildings, and none of us have fat left with which to meet the bills after several years in which our wage bill has sometimes been nearly 100% more than the money provided.

You will be aware that steps are already in train to transfer from the Crown to the Board of Trustees, the freeholds of most of the major Museums. This transfer is not just a legal form: it will entail a profound shift of moral obligation leaving the Trustees ultimately responsible for the upkeep of the buildings in their charge. In the case of all these Museums, the Trustees recently welcomed and enthusiastically accepted the option of untying from the Property Services Agency and managing themselves the resources made available by the Government for their maintenance.

cont'd..

21st July, 1987.

We look forward to the greater autonomy that independence from the PSA will provide and which will, we believe, lead to increased managerial and financial efficiency. We are, however, gravely concerned that as freeholders, Trustees will be answerable to the public and to Parliament for these buildings of national importance yet will not command the resources necessary to fulfil these obligations. The buildings have suffered from long years of underfunding and are, in many cases, not even wind and watertight.

In the knowledge that they would soon be taking over the freeholds, the Trustees carried out detailed investigations into the buildings' state of repair. These surveys have now revealed the full extent of deferred maintenance they are due to inherit. The schedules from the Museums show the extent of it, requiring expenditure of over £100 million. The maintenance budget projected for the next five years hardly begins to tackle the scale of the problem. The Trustees feel that the years of neglect must be remedied before they can undertake responsibility for the housing of these collections of world renown.

We would welcome an opportunity to come and discuss this situation with you as it is a matter of serious concern to us. Securing the

cont'd..



(3) 21st July, 1987.

future of these national institutions is an aim we all share and we have a common interest in trying to resolve this situation before the transfer takes place.

*y* *Swales*  
*Canigra*

The Rt. Hon. Mrs. Margaret Thatcher, MP.,  
Prime Minister,  
10 Downing Street,  
Whitehall,  
LONDON SW1A 2AA.



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