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File Arts + Amenity
a note set

10 DOWNING STREET

From the Private Secretary

12 March 1980

Dear Mary

The Chancellor of the Duchy and the Chief Secretary met the Prime Minister this morning to discuss the possibility of further Government support for the Covent Garden Development Appeal. Sir Robert Armstrong was also present.

The Chancellor of the Duchy explained that he would like to contribute to the Appeal a further £300,000, which was available in the form of an underspend on the 1979/80 PESC allocation to the arts. The Chief Secretary explained that this would almost certainly require either a supplementary estimate or a contingencies fund advance. This expenditure was clearly not in the category of emergency requirements which justified the use of the latter procedure. The Prime Minister confirmed that she was not prepared to see a supplementary estimate taken to cover additional 1979/80 expenditure on Covent Garden, at a time when cuts in education, personal social services, etc. were already creating adverse publicity for the Government.

The Prime Minister said that she was prepared for the Chancellor of the Duchy and the Chief Secretary to explore the possibility of drawing down this underspending by means which would avoid either a supplementary estimate or a contingencies fund advance, thus providing additional support for the Covent Garden Development Appeal this year, or next year by bringing forward expenditure on other arts project items to the current financial year. But she noted the Chief Secretary's expectation that this would not prove feasible.

The Prime Minister emphasised, however, that she would not wish Covent Garden to be left in the position where the current phase of re-building work would have to be suspended, incomplete, in the coming summer. With this in view, she would be prepared for the Chancellor of the Duchy to make available up to £500,000 by re-allocations within the arts budget for 1980/81, whether through the Arts Council or from other parts of the budget. In discussion, both the National Heritage Fund allocation and the acquisitions allocation were mentioned as possible sources of money. The Prime Minister made it clear that the Chancellor of the Duchy would have to settle the priority to be accorded to

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Covent Garden's re-development within his financial allocation already agreed for next year. She noted that most of the potential recipients of arts budget funding had already been notified of the amounts likely to be allocated for 1980/81, but confirmed that she was not prepared to release additional money to the arts budget for the Covent Garden Development Appeal. She stressed the importance of obtaining maximum contributions from potential private sector donors, such as the banks, and confirmed that she would be prepared to host a function at 10 Downing Street to assist in this. She recognised that any further Government contribution would be seen as seed money intended to encourage a new round of substantial private donations to the Appeal.

There was also some discussion about switching responsibility for the fabric of the Royal Opera House, and perhaps of the National Theatre, to the Department of the Environment vote, possibly under the National Heritage Fund. The Chancellor of the Duchy indicated that he would be quite ready to do so, and to accept the consequent transfer of PESC provision. But this was not pursued to a conclusion.

As a result of the discussion, I understand that the Chancellor of the Duchy and the Chief Secretary will be considering whether it is possible to re-arrange expenditure in either or both 1979/80 and 1980/81, with a view to finding additional funds for the Development Appeal, subject to a maximum of £500,000. I would be grateful if you could ensure that the Prime Minister is kept informed of the conclusions reached on this.

I am sending copies of this letter to Alistair Pirie (Chief Secretary's Office) and David Wright (Cabinet Office).

Yours ever

Mike Pattison

Miss Mary Giles,
Office of the Chancellor of the Duchy of Lancaster.

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