



# Royal Opera House

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From Sir Claus Moser KCB *Chairman*

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*Dear Prime Minister,*

It was most kind of you to spare so much time to discuss the Royal Opera House Development Project, and Garrett Drogheda and I are most grateful.

As we explained, the Development is at a critical stage and we will have to decide by the end of June whether to order a halt to the building operations. You asked me to set down the key points. These are:

- (1) It has been common ground between Governments since 1970 that the Royal Opera House had to be redeveloped if it was to continue to function in a satisfactory manner as a national and international institution. This has also been the view of the Parliamentary Sub-Committee on the Arts.
- (2) The land needed for the development was acquired in 1972. £6 million was voted to cover its purchase, but in the event only £3.1 million, the sum needed for the freehold itself, was received.
- (3) Architectural plans were developed in the following five years, and we received planning permission for Phase One, as well as the approval of all the necessary authorities.
- (4) The present cost of Phase One of the project - which is all we are concerned about at present - is estimated at just under £9 million. This takes into account the effect of the latest inflation estimates on building costs. Building began in September 1979 and is scheduled for completion in early 1982

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- (5) We debated at the beginning whether we should look to Government for the whole cost. Some of my colleagues took this view on the grounds that the Royal Opera House is a great national institution and that it was a public responsibility to rebuild it. But we decided to raise as much as we could from the private sector and hoped that the Government would come up with a matching grant.
- (6) Our private fund-raising, both in the UK and abroad, has so far succeeded in raising contributions and promises for £3.76 million.
- (7) We are receiving £1.02 million from the GLC, with the promise of an allowance for inflation over the next three years.
- (8) £1 million was allocated by the Government in the year 1979/80, and it was our hope - though no firm promise could be made - that this would be repeated in successive years. The Government also voted £1 million for the purchase of the freehold of the existing Opera House. In the event, it was purchased for half that sum in the current financial year; but the remainder was not allocated to the Development Project.
- (9) To summarise, we need about another £3.25 million to be able to complete Phase One. We will go on with private fund-raising, but this will become increasingly hard; barring unforeseen luck we may collect £500,000 in this way. This would leave us about £2.75 million short. If the Government were able to grant us this amount, it would mean that 40% of the total cost would have come out of Government funds. To borrow such a sum would be a tremendous burden, and we could not even think about it unless it were by way of an interest-free loan, and this would be possible only if we had a "comfort letter" from the Government.
- (10) In terms of cash flow, we will need £1 million by the end of the first quarter of 1981, and the rest spread evenly thereafter, ending in the first quarter of 1982.

(11) We started the building encouraged by successive Governments, and in the hope that there would be a substantial contribution from public funds. On present cash flows, we will run out of money by the end of 1980. For technical reasons, we must decide by the end of June 1980 whether to let further sub-contracts or to allow the site to run down to a stop in the new year. In the latter case, we will have to leave an empty shell at the back of the Royal Opera House; we would probably have to return some of the private donations; and we would face much higher costs when we re-start again later. (I should add that there is no way of dividing Phase One into smaller parts, delaying some for later).

These are the key facts. It would be a tragedy if the Development had to be stopped half way after so many years of preparation and self-help. We at Covent Garden will go on to do all we can, but to find privately all the money is - and was always known to be - totally beyond our scope.

A further contribution from the Government, even if in the very short term it could not be very high, would be an immense encouragement to us and an invaluable stimulus to further contributions from private sources. A "comfort letter" would help in the search for interest-free loans, for which the Clearing Banks are crucial.

In conclusion, I would like to express our appreciation to you for your concern and interest in this problem, and also to the Minister for the Arts for his continuing interest.

I am sending a copy of this to the Minister for the Arts.

Yours sincerely

*Claus Moser*

Claus Moser

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