

SUBJECT

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Arts & Amenities cc DES  
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10 DOWNING STREET

From the Private Secretary

14 December 1982

The Prime Minister this morning discussed with the Chief Secretary and the Minister for the Arts the Arts Council Grant for 1983/84.

The Prime Minister said she had become aware, during a political discussion earlier this week, that the proposed financial provision for the Arts, and in particular for the four National Companies (i.e. the English National Opera, the Royal Shakespeare Company, the National Theatre and Covent Garden) would be represented as wholly inadequate, and that the Government would face considerable political difficulty in consequence. She had accordingly asked Mr. Channon to produce a note on this subject. It was clear that the four National Companies were heading for a very difficult time. The Chief Secretary said that he had reached agreement with Mr. Channon in September that £230.9 million should be provided for the Arts and that figure had subsequently been published. It would not be tolerable to revise it upwards, and if there was a problem for these four companies it should be met by an adjustment of expenditure priorities within this programme.

After discussion, the Prime Minister said that it would not be acceptable to squeeze the provision for museums and the British Library excessively in order to make room within the Arts programme for more provision for the performing arts. Nevertheless, Mr. Channon should do whatever he could in that direction. The Chief Secretary and Mr. Channon should together consider to what extent it would be legitimate to bring forward expenditure from 1983/84 into the current year, so as to permit a less restrictive level of expenditure next year on the performing arts. It would be desirable for decisions to be reached before Christmas, if this was at all possible. Treasury Ministers should also consider whether there was any scope for introducing a tax concession - say, on Capital Transfer Tax - to induce more private sponsorship of the Arts. As a condition of the additional expenditure this year a special audit, or Rayner-style scrutiny, should be undertaken where appropriate with the four National Companies: it was clear that their management needed, in some cases, great improvement, and that extravagance needed to be identified and dealt with. It was, further, for consideration whether the additional expenditure should be made conditional upon additional private sponsorship for the companies concerned.

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I am sending a copy of this letter to Mary Giles (Office of the Minister for the Arts).

M. C. SCHOLAR

John Gieve, Esq.,  
HM Treasury.