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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Paul Channon MP
Minister for the Arts
Office of Arts and Libraries
Department of Education and Science
Elizabeth House
York Road
London SE1 7PH

17 December 1982

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We spoke last night about your letter of 16 December.

We agreed that, leaving aside the forthcoming bids for the Victoria and Albert and Science Museums, an addition of up to £8 million would be made to your budget in 1982-83. The deployment of that sum is of course a matter for you and you and your accounting officer will need to satisfy yourselves that the extra commitment can be entered into without impropriety. Of the four items listed in your letter, I would have thought the first should probably have the highest priority.

As I made clear, I am not willing to give the assurance you seek that the Treasury will look favourably on an additional bid for 1984-85. The increased level of support we have now agreed for 1982-83 does not create any presumption in favour of an addition in later years. The main point of the exercise is to rescue a number of national and regional performing arts bodies from severe immediate embarrassment and, for example, the paying off of deficits should benefit the companies concerned not only in 1983-84 but thereafter. In addition, we shall be looking for economies as agreed at the Prime Minister's meeting arising from improved efficiency and increased private sponsorship.

My agreement is conditional, of course, on a special audit in the four national companies as agreed at the Prime Minister's meeting. Our officials should be in touch urgently to discuss what form this should take. It should certainly get under way early in the new year and I await your proposals. My agreement is conditional also on your agreeing to examine again how best to increase private sponsorship for the companies concerned. I suggest our officials should pursue this also rapidly.

I should be glad if you would give me a sight of the terms of your announcement in draft.

Leon Brittan
LEON BRITTAN

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Department of Education and Science

Office of Arts and Libraries
From the Minister for the Arts

Elizabeth House, York Road
London SE1 7PH

Telegrams: Aristides London SE1
Tel: 01-928 9222

20th December 1982

F E R Butler Esq
Principal Private Secretary
to the Prime Minister
10 Downing Street
LONDON SW1

Dear Robin,

The Prime Minister will be glad to know that Mr Channon and the Chief Secretary have reached agreement on the provision of an additional £8M to various Arts Bodies in 1982-83, including £5M for the Arts Council for the reduction of deficits and other contributions to the urgent needs of the performing arts. I enclose a copy of an answer which Mr Channon will be giving this afternoon to a question about Arts Council financing.

We have begun exploring with Clive Priestley the best way of arranging the scrutiny of company finances which the Prime Minister wishes to be undertaken. We shall let you know when a firm arrangement has been made.

Yours ever

Miss M G E Giles

Miss M G E Giles
Private Secretary



Department of Education and Science

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From the Minister for the Arts

Elizabeth House, York Road
London SE1 7PH

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16th December 1982

The Rt Hon Leon Brittan QC MP
Chief Secretary
HM Treasury
Whitehall
LONDON SW1

Dear Leon,

I gather that our officials have discussed ways and means of supplementing the 1982-83 provision for the Arts so as to ease the position next year.

They agreed that some very urgent needs for supplementation in the national museums should be looked at on their own merits, without prejudice to or by the present operation. Leaving these on one side my proposals, in outline, are these:

1. Arts Council: something over £5M in order to pay off deficits of various performing companies and orchestras (£4M +), to make cash payments in respect of various theatre etc building projects in progress (£700,000) and to make donations towards various funds and other operations (£300,000).
2. British Film Institute: £1M, in order to buy film stock for copying films in the National Film Archive (£750,000), to buy new equipment for the BFI offices and the National Film Theatre (£200,000) and to buy equipment for regional film theatres (£400,000).
3. National Film School: £200,000, to buy cameras and other equipment.
4. National Heritage Memorial Fund: £3.0M, to bring the fund up to a satisfactory level for coping with needs arising between now and the end of 1983-84.

This supplementation, amounting to something close to £10M, should enable me to fund the performing arts in 1983-84 at a reasonable minimum level. Inevitably, however, there will be anxieties among recipients about their future financing. Even though the enquiries I shall be instituting into the financing of some companies should

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have a helpful effect, it would not be realistic to assume that with the baseline provisionally indicated for 1984-85 in the Government's present plans it would be possible to avoid some recurrence in that year of the difficulties we are now facing as a result of recent underfunding. I would judge it necessary therefore to give an assurance that the Government will bear in mind, when reviewing expenditure plans next year, the need for an upward revision in provision for the Arts. I can only give such an assurance if you assure me now that the Treasury will be prepared, in next year's expenditure review, to look favourably on an additional bid for 1984-85 reflecting at least a major part of the supplementation now being made.

I am under great pressure to announce the Arts Council grant for 1983-84 at Question Time on Monday. But, more important, the Prime Minister will need to know by tomorrow evening whether we shall be asking her to see us on Monday. I hope we can reach agreement in time to make this unnecessary.

Yours,

Paul

PAUL CHANNON

Arts + Amenities
March '80, Policy
towards the Arts.

