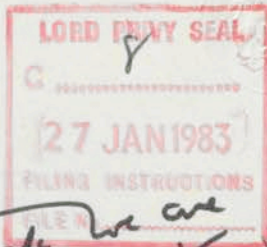


27.1
Mrs BROWN

To see

Mr FLESHER



cc for information

Mr Hatfield (CO)
Miss Goodison (MPO)
Mr J W Stevens

Prime Minister:
Sir Robert Armstrong

Comments are attached. Do you agree with his proposal that someone from the Royal Opera House and the RSC should be associated with the scrutiny?
R 31/1

SPECIAL FINANCIAL SCRUTINY OF THE ROYAL OPERA HOUSE AND THE ROYAL SHAKESPEARE COMPANY

We spoke. The purpose of this minute is, as agreed, to take the Prime Minister's mind on the involvement of Mr Trumper and me in this exercise.

As you know the background is that the Minister for Arts and Libraries wishes me to undertake and later to report to him on the special scrutiny of the Royal Opera House and the Royal Shakespeare Company. The field work would be done by Mr D R Allen, whom the Prime Minister will remember as one of Sir Derek Rayner's staff officers, 1979-81, now out of the civil service and working as a free-lance, and by Mr I F S Trumper FCA, who is on secondment to the Rayner Unit from Messrs Deloitte Haskin and Sells. I can commend both these officers; Mr Allen whom I know well and who would be doing most of the work is a man of considerable intellectual brilliance and personal charm.

3. The cost of the work would be borne by the MPO. It would total upwards of £23,000. Mr Channon has turned down an alternative approach (suggested by Sir Derek Rayner), which would have meant bringing in management consultants, with whom Mr Allen would have been associated. This would have been more expensive than the MPO exercise outlined in para. 2 above but would have had a certain merit noted in my minute to Mrs Brown of 18 January and copied to you.

4. This merit was that the "consultant" approach would have avoided the possible criticism which might be levelled at a Priestley-Allen-Trumper team, viz:

I do not think we are equipped to examine the work of the Opera House. There must be some circumstances in this work.



- (1) That we were not sufficiently expert in financial matters, a criticism attributable to top businessmen, accountants and such like associated with the ROH and RSC, eg Sir Kenneth Cork, Lord Goodman, Sir John Sainsbury and Sir Francis Sandilands. (I would not take this too seriously. Mr Allen is a very shrewd economist, now working in the private sector, although with modest businesses; Mr Trumper is thoroughly versed in private sector business practice.)
- (2) That we were tainted by the alleged attack on the Theatre Museum and the Museum of Childhood in last year's scrutiny of the Victoria and Albert and Science Museums by Mr Gordon Burrett. (Ditto. The Burrett "taint" is in fact a smear on Mr Burrett, which I can rebut, robustly if necessary. And in any case, we should remember the respective positions of the piper and his paymaster, especially as the cost of this exercise would be borne by us.)
- (3) That we were too part-time (Priestley and Trumper one day a week, Allen 3 days a week). (The answer is that OAL will not pay for consultants and we won't either. But if the team finds, as it may well, that it needs specialist help, it should be able to get it.)

5. As indicated, I think that we can get over these initial complaints. But it would be wrong for me to commit myself without warning you that there may be problems at the report stage, if we have (for example) either to criticise the management of the ROH and RSC or to recommend a substantial increase in public funding. The Prime Minister will wish to consider whether she wants this exercise to be conducted by staff so closely connected with her in the public mind.



Advice

6. On balance, I think that the Prime Minister might agree that we should do this job. The Government is committed to it; it is timely; the Rayner scrutiny method is economical and fast, as well as searching; and, leaving my self out of it, there is no doubt that Mr Allen and Mr Trumper will do a good job.

7. There is also the important consideration that if we are doing the scrutiny on behalf of the Government (and MPO is paying for it) we are entitled to make the examination as stringent and radical as is consistent with fairness and common sense.

8. I suggest that the Prime Minister should sanction our undertaking the exercise, on the understanding that I retain control over the terms of reference and methods to be used and that these are not made the subject of compromises between the Minister, the Arts Council, the ROH and RSC with which I do not agree.

SP

C PRIESTLEY
27 January 1983

CONFIDENTIAL

JUE

WJ



10 DOWNING STREET

From the Private Secretary

MR C. PRIESTLEY

SPECIAL FINANCIAL SCRUTINY OF THE ROYAL OPERA HOUSE AND THE ROYAL SHAKESPEARE COMPANY

Thank you for your minute of 27 January, which the Prime Minister has now seen. While she is in general content with the proposals set out in your minute for the scrutinies of the Royal Opera House and the Royal Shakespeare Company, the Prime Minister considers that the team is vulnerable to the criticism that it includes no one with experience in the examination of the costs and expenditure of this kind of enterprise. Mrs. Thatcher considers that in order to enhance its credibility the team needs access to such expertise as, for example, might be provided by accountants specialising in this area. I should be grateful, therefore, if you could arrange for this to be considered and report to the Prime Minister when satisfactory arrangements have been made.

I am sending a copy of this minute to Mary Brown (Lord Privy Seal's Office), Richard Hatfield (Cabinet Office), and John Stevens and Eleanor Goodison (M.P.O).

(Timothy Flesher)

1 February, 1983

CONFIDENTIAL

J