

Mr Gowd



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.

/ I am sending

CONFIDENTIAL

- 2 -

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.

1. Politically so far, we have had good relations with the Arts world in spite of a 10 per cent real cut in expenditure since the election. I am most anxious to keep these good relations going in election year. The Arts world is vocal, influential and has close contact with the media. Cecil Parkinson agrees that it would be a great pity unnecessarily to lose their goodwill and have a concerted attack on us.
2. There are some activities in the arts scene of particular importance to intelligent floating voters. If throughout the country the Party is criticised month after month for its neglect of the arts, it will be a gift to the Alliance. There are prominent Tory dissenters who will also make use of it! The risk of this happening has been created by the lack of no more than £10 million or so.
3. There are two main problems. I have to keep enough money for the museums to cope with a number of expensive and important items on the heritage front which I know privately will soon be offered for sale. The National Heritage Memorial Fund will be able to help. But we do not want to be accused of letting Britain's major heritage go abroad. So that limits to some extent my money for the performing arts.

4. The National Companies

The Royal Opera House had a projected deficit of £1.9M. This has been reduced to £1M by cutting their productions and by cancelling the visit of the Royal Opera to Manchester.

The Royal Shakespeare Company have an accumulated deficit of £650,000. They simply must have a substantial increase in their grant this year if they are to survive.

The English National Opera has a potential crisis in that their boilers are on the point of collapse and they

may need another £1M simply to keep the theatre open.

5. The Regions

Manchester

In the North West there is an outcry because the Royal Opera House has had to cancel its proposed visit to the Palace Theatre, specially rebuilt with a particular view to receiving the Royal Opera House visits. Politically I judge it essential for this tour to go ahead if extra money is found for the arts.

Plymouth

The English National Opera Company's tour is threatened. Again I judge politically that tours outside London by the national companies are essential. The criticism is always made that all the money for the arts is spent in London and the regions get very little.

Glyndebourne Touring

There is a question mark over the length and possible existence of Glyndebourne Touring.

Bournemouth

There is a question mark over the existence of the Bournemouth Symphony Orchestra. They have a substantial potential deficit.

Scottish Opera

Is in grave financial difficulties, and may well have to close.

Taunton - Theatre seems doomed.

Guildford - Theatre seems doomed.

Birmingham, Exeter, Basingstoke, Oxford and Cambridge Theatres all remain under threat. Liverpool is still in trouble.

Welsh National Opera, in spite of their successful

... / ...

Amoco sponsorship, and Opera North in Leeds have serious financial difficulties. Their activities would certainly be severely curtailed.

Newcastle

The Northern Ballet is under great threat of closure.

The Royal Shakespeare Company's tour is under threat.

Cornwall

The Gallery at Newlyn would be under threat, in a politically sensitive area.

I must emphasise that what I have written in this paper is only gleaned from private discussions with William Rees-Mogg. The Arts Council itself has not been consulted and might have different ideas of where to make the necessary cuts. But any alternative package they might propose would be equally painful. Their scope for manoeuvre is severely limited. Other examples could easily be found.

6. Political Consequences

These various crises look like hitting us towards the beginning of the new financial year about the worst possible time during the run up to the election. The Theatre Museum campaign this summer shows how sensitive these arts issues are. I believe we run a substantial risk of a much larger campaign in all sections of the arts world. This could be very embarrassing and would be a gift to the Liberal SDP Alliance.

7. Conclusions

A sum of £10M is required. This would preserve the Government's reputation in the arts and stop most of the attacks. The money would be used for saving the Opera House and the Royal Shakespeare Company and for avoiding the worst problems among the theatre and

... / ...

orchestral companies in the regions.

8. Possible Solutions

- (i) The easiest would be to increase the budget for next year by £10M.
- (ii) Alternatively, a special fund at my disposal could be created to be used to meet crises and to help those who had made special efforts to help themselves.

In either case, we ought to have a financial enquiry into the Royal Opera House and probably one other large institution, say the Royal Shakespeare Company, to discover why they have such a deficit and to discourage others from being extravagant.

Technically it would be possible to allocate at least some of the money out of this year's public expenditure totals by my bringing forward other expenditure from next year and re-ordering my budget. If a special fund were to be created it would have to be one which could be carried forward from one year to another. The problem could not be resolved merely by matching what people had raised for themselves. Some of the biggest institutions and, incidentally some of the best run would probably find this impossible, although many have had appeals and have raised a lot of money.

Timing

It is essential to announce the grants before Christmas. We have always done so during the lifetime of this Government and we would be causing even more problems if we failed to do so this year and would face much criticism.

13th Dec 1982

13/12
Pending
Parkinson

25th November 1982

We had a word this morning about the Arts
etc.

I think that you would be interested to see
a copy of a letter dated 22nd November which
was sent to the Prime Minister by Patrick
Cormack, and this I now enclose.

Caroline will be in touch with you, Alastair
and Paul Channon shortly about the meeting
which we discussed.

IAN GOW

The Rt Hon Cecil Parkinson MP

cc. The Hon Alastair McAlpine

From PATRICK CORMACK, F.S.A., M.P.

MR GOW



HOUSE OF COMMONS
LONDON SW1A 0AA

22nd November, 1982.

My dear Prime Minister,

We, the Officers of the Conservative Party Arts and Heritage Committee, would like to express our appreciation of the Government's recent help to the arts and heritage in saving the Theatre Museum, in introducing the National Heritage Bill, and in the recent welcome announcement concerning the National Heritage Memorial Fund.

In these and other ways enormous good will has been generated among that very significant group of 'opinion formers' whose articulate leadership of the 'arts lobby' has been a thorn in the side of governments in the past - as, for instance, during the famous campaign against museum charges.

We feel that, in view of the Government's record, it would be particularly unfortunate if these people turned against us during the crucial period between now and the General Election and it is for this reason that we are writing to urge you to do all that you can to ensure that when the announcement of the arts budget is made in the near future it gives cause for thanks rather than criticism. We believe it is true that inflation has been higher in the arts than in most other fields, and we also accept that the understandable 'squeeze' of the last three years has caused very real problems for the Arts Council in particular.

Because total expenditure on the arts is a modest sum, and because the figure of £10 million could make all the difference between triumph and disaster, we feel confident in appealing to you. We honestly feel that it WOULD be a very major setback if the Royal Shakespeare Company had to cease or seriously to curtail its operations, or if the English National Opera Company were threatened with closure. Events such as these would generate adverse publicity out of all proportion to the money involved and do serious and lasting harm to the Party.

When you addressed that splendid Conservative Conference on the Arts at St John's, Smith Square before the last general Election you used the phrase 'candle-end economies' when you assured those present that the arts would never suffer under a Conservative Government. That phrase has frequently been quoted, in the DAILY TELEGRAPH and elsewhere, in recent months and we would not like to see it haunt us at the General Election, especially in view of the splendid work of Paul Channon for the arts and of Michael Heseltine for the heritage, and of the Government's very creditable record in general on these issues. We know that much of the credit inevitably blongs to you and that is why we felt we could write to you.

One final point we would make. We believe that often expenditure on the arts is looked upon as mere public spending, whereas much of it is an investment in one of our most vital industries - tourism.

With renewed thanks for your help and interest in the past and warmest good wishes from us all for the future.

W. E. G.
Clara Council
Christie Hughes
John Brackley
Richard T. Alexander

The Rt. Hon Mrs Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
London S.W.1.

1. GARY WILSON
2. ARNOLD HANMER.
3. AUDISON INTO OPSLA HOUSE
4. Sell some of my either funny - content.
5. AUDISON INTO TWO.

ENGLISH OPSLA COMPANY

ROCK & HANMER COMPANY

6. GEORGE LEON, - AND B-DLET

|| GRANTS FOR NEXT YEAR. ||