



CCBTUP.
 CG/BG

MINISTER FOR THE ARTS

Prime Minister

C88/2226

Yes and (Do you now want a meeting
 with the Chief Secretary or Ch. Sec.?
 - anyone else?)

PRIME MINISTER

THYSSEN COLLECTION

not 2/4

... I attach a note which summarises the conclusions of the working group chaired by Peter Palumbo which I set up. Its members comprised Sir Nicholas Goodison, Sir Mark Weinberg, Jacob Rothschild, Neil MacGregor (Director, National Gallery), Professor Brian Morris (Chairman, Museums and Galleries Commission) and Martin Drury (National Trust).

Their report, which will be available shortly, fully supports the case for making an offer for the Thyssen Collection. It considers that this offer should be presented as a commitment of £200m spread over 5 years to provide a new gallery, and buy the B+ and B pictures in the collection; the Thyssen trustees would in turn vest the A pictures in a new UK-based foundation.

Nicholas Ridley is now working up proposals for the two sites most favoured: a prime site at Canary Wharf in the new London Docklands Development and The Grange, Hampshire, an historic house in fine surroundings which could be converted. Nicholas cleared these with the Baron last weekend as being the ones that he would favour, though a central site in Birmingham is a conceivable fall-back.

We are convinced that the approach to the Baron, if agreed, must be made quickly, and stress the way in which his needs can be accommodated if it is to succeed. He has assured us that his tentative discussions with the Spanish Government are not binding and can be superseded. I recommend however that if we make an offer on these lines we should stipulate that any interim loans of the relevant pictures (whether to Spain or elsewhere) must be terminated on the completion of the new gallery and the pictures made available for display there within a maximum period of, say, six months.

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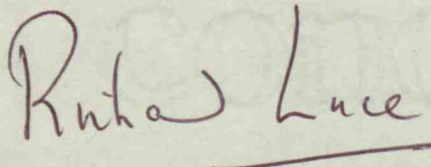
As far as domestic considerations are concerned, I must also make two other points

(a) This would be a unique arrangement. Its financing should be quite separate from the rest of the arts budget. You will readily understand that the National Museums and Galleries are heavily stretched and there is no scope for adjustment.

(b) The acquisition of these pictures should not prejudice our ability and willingness to protect those other pictures of the highest quality which are already part of our heritage and may need to be acquired for the nation in due course.

That said, I regard this as a magnificent opportunity to enhance our national heritage, and greatly hope that we can grasp it.

Copies of this letter go to Nigel Lawson, Nicholas Ridley, and Geoffrey Howe.

A handwritten signature in dark ink that reads "Richard Luce". The signature is written in a cursive style with a horizontal line underneath the name.

RICHARD LUCE
22 April 1988

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The Thyssen Collection: Summary of points arising from the Palumbo Group's work

1. The Thyssen collection at present comprises 1,365 pictures as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
<hr/>					
Totals	227	496	443	199	1,365

2. The pictures are at present vested in a trust created in 1986 and registered in Bermuda. Our understanding is that if a satisfactory permanent home can be found for the collection, the Baron would ensure that all the 227 A pictures would be transferred in perpetuity to a new trust; but the family, as residual beneficiaries of the B and C pictures, expect at least the B+, and probably most of the B pictures, to be purchased as part of the settlement.

3. The Director of the National Gallery confirms that the Thyssen collection is the most important large collection of old and modern masters in private hands in the world, though there are smaller collections and individual pictures in private hands in this country which are of even greater importance. He believes that the Sotheby's valuation of the Thyssen collection (A, B and C pictures) at over \$1.2 billion is reasonable.

4. The A pictures are valued at nearly \$1 billion (£550m), the B+ pictures at \$165m (£91m) and the B- pictures at \$50m (£28m). We believe that a satisfactory offer for the B pictures could be pitched at £120m. If spread over 5 years, 10% pa should be allowed for inflation: see appendix.

5. Other offers have been made, but the only one which appears to be under serious consideration by the Baron at the moment is the Spanish Government's offer of the Villahermosa Palace in Madrid. This was the subject of a declaration signed by the Baron and the Spanish Government on 7 April, whereby the parties undertook to work towards an agreement under which the best paintings would be loaned to Spain for up to 10 years, with options to extend or convert to a permanent agreement. We are advised that this is not yet a binding commitment and that the Baron would not confirm it if he had an acceptable offer from the United Kingdom.

6. The sites which would best meet the Baron's wishes would be a prime site in the Canary Wharf Development in London's Docklands, or The Grange, Hampshire, an historic house held in trust by English Heritage. The Docklands scheme appears to be the one the Baron is most attracted by; it would generate the most visitors and have the prospect of some private funding. A site in central Birmingham is a possible fall-back.

7. A new building and a converted historic house would cost approximately the same to provide. The need is for a gallery space of up to 70,000 sq ft, together with suitable ancillary facilities for a major foundation: lecture room, shop, library and study areas.

8. The status of the collection must be a new foundation, under English law, which has inalienable rights to retain possession of all the A pictures, and of those B+ and B pictures to be agreed; but which might allow disposal of other pictures at the foundation's discretion, to create an endowment fund.

9. The composition of the new foundation should enable the Baron to be chairman and to nominate his successor, and Thyssen nominees to fill 49% of the places; HM Government would nominate the controlling 51%. [We believe this may not be acceptable to the Baron, and that we should therefore be prepared to offer the Thyssen trustees a controlling 51%, provided that inalienable rights to the pictures remaining permanently in the UK are clearly established; and that a clear agreement is reached on the extent to which the pictures may be temporarily loaned outside the UK.]

10. The gallery should be completed if possible within three years, and the pictures made available on its completion. Payments should be spaced over 5 years (unless a once-for-all payment is possible).

11. The costs to the UK would be

- £35m for a new or converted building (including fees and VAT)
- £10m site costs
- a £120m offer for the B pictures at their current valuation, spread over 5 years and allowing for 10% inflation (bringing the total to £146m)
- provision of up to £5m pa running costs, offset by charges for entry.

12. The group has given careful thought to the possibility of raising a contribution to these costs from the private sector. It may be possible to interest a developer in contributing to



site and building costs if the Docklands site were to be adopted. In all other respects however the group believes that full Government funding is the only realistic assumption. An early offer to the Baron would in any case have to be based upon the Government's willingness to meet the whole cost if necessary.

13. The group conclude that an offer on these lines, backed by appropriate details of the two main sites, and made quickly, would have a good chance of success. And that acquisition of a collection of this quality would bring major benefits to the UK in terms of the collection's intrinsic merits, its tourist value, and the employment opportunities that it would generate.

Appendix

Proposed composition of UK offer

£m

	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
Site	10				
Building	-	12	18	5	-
Pictures*	24	26.5	29	32	35
Running costs	-	-	1	5	5
Total	34	38.5	48	42	40

*Pictures: a £120m valuation with payments over 5 years allowing 10% pa allowance for inflation.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 April 1988

Dear Eleanor

THYSSEN COLLECTION

The Prime Minister has seen your Minister's minute of 22 April summarising the conclusions of the working group which she had set up. She also had an opportunity this evening to discuss financial aspects of the matter with the Chancellor of the Exchequer and the Chief Secretary.

The Prime Minister is very keen that the Thyssen Collection should, if at all possible, come to the UK. She would like Departments concerned now to discuss, as a matter of urgency, the detail of an offer that might be made to Baron Thyssen. Such an offer should be based on the best possible artistic, financial and legal advice and a small project team, under suitable leadership, which might report to your Minister, the Secretary of State for the Environment and the Chief Secretary, should be established to carry the matter forward.

The Prime Minister would welcome proposals on next steps. Since this matter involves a number of Departments, I suggest that Sir Robin Butler might prepare, in consultation with interested Departments, urgent advice on how best to carry this matter forward.

I am copying this letter to Alex Allan (H.M. Treasury), Jill Rutter (Chief Secretary's Office), Roger Bright (Department of the Environment), Tony Galsworthy (Foreign and Commonwealth Office) and Sir Robin Butler.

Yours ever

Andy

P.A. BEARPARK

Miss Eleanor Goodison,
Office of the Minister for the Arts.

THE THYSSEN COLLECTION:

Your working party on the possibility of bringing the Thyssen Collection to the United Kingdom met on [three] occasions during March and April. Chaired by Peter Palumbo, its members were Sir Nicholas Goodison, Sir Mark Weinberg, Jacob Rothschild Professor Brian Morris (Museums and Galleries Commission) Neil MacGregor (Director, National Gallery), and Angus Stirling/Martin Drury (National Trust). Mr Jefferson (Chief Architectural Adviser on the built environment DOE) and Mr Wilding, Mr Stone and Miss Morrison, OAL provided Departmental advice. Mr Hanks-Drielsma also attended our meetings.

Background

2 We examined the proposition that the pictures in the Thyssen Collection in Lugano should be offered a permanent home in the UK. At present there are 1,365 of these pictures as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
Totals	227	496	443	199	1,365

3 All the pictures are at present vested in a trust created in 1986 and registered in Bermuda. The three trustees are lawyers, from England, Switzerland and Luxembourg. Our understanding is that if a satisfactory home can be found for the Collection, the Baron would ensure that all the 227 A pictures at present on loan to the Thyssen Foundation in Lugano would be gifted in perpetuity to a new trust; but the family, as residual beneficiaries of the B and C pictures will expect at least the B+ pictures

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This is the
full Palumbo
report.

2. CF p 27.4

to be purchased as part of the settlement. Apart from a few that family members might wish to retain, the UK proposal needs to contain an offer based on a valuation of most of the B pictures.

Quality and valuation

4 The Director of the National Gallery confirms our view that the Thyssen Collection is the most important collection of old and modern masters in private hands in the world. There are some 20 great masterpieces, and it is particularly strong in 15th-16th century German pictures and 19th-20th century modern masters, both areas which are poorly represented in the United Kingdom, although the quality of many of the other pictures is variable. Mr MacGregor has also confirmed the Sotheby's valuation of the Collection (A, B and C pictures) at over \$1.2 billion. A more detailed assessment is at Annex A.

5 Within the United Kingdom the smaller collection (also see Annex A) of the Duke of Sutherland, already largely on public display in the National Gallery of Scotland and elsewhere, is of a higher order, but we have no means of knowing the Duke's ultimate dispositions. Thyssen is on offer now, and is a unique opportunity.

6 The A pictures in the Thyssen Collection are valued at nearly \$1 billion (around £550m at current exchange rates), the B+ pictures at \$165m (£91m) and the B- pictures at \$50m (£28m). It is reasonable to assume that a satisfactory offer for the B pictures and a limited number of others could be pitched at £120m. We recognise that this is a very large sum, but it has to be set against the acquisition for the nation, on the basis of a deal of this kind,

of a collection worth four to five times this sum on the open market, which in our view would have a very large tourist potential.

7 Unless the UK is prepared to put up figures of this order in a firm proposal we believe that the Baron will not be interested: he already has a number of other offers on the table (see below). But if we were able to do so the indications that we have had show that he would be likely to favour the United Kingdom as a permanent place for the Collection because it offers political stability and maximum viewing opportunities, and because there are various family objections to a number of the other proposals.

Other proposals

8 We understand that some 10 countries have shown interest in the Collection, but only three or four are regarded by the Baron as worthy of serious consideration. The Swiss authorities are trying to persuade the Baron to stay in Switzerland, but he regards Lugano as an inappropriate setting because access is poor, the site is too small and it cannot be enlarged. A Palace opposite the Prado has been offered by Spain, but it would need very substantial renovation and then might not be satisfactory in modern gallery terms. Although not favoured by many of the Thyssen trustees this is the front runner at present (see below).

9 An offer of a Schloss has been made by Stuttgart and is being pressed by Chancellor Kohl of West Germany; but Germany is unpopular with the majority of members of the family. The Getty Museum (California) has offered a total package of \$500m including provision of a new museum, but there are

several drawbacks. The Baron does not feel that the Getty Foundation is a particularly reliable body, and its offer was spread over 15 years. He is looking at a much shorter timescale, and is conscious of the fact that many of the pictures were bought from the USA by his father in the thirties in order to return them to Europe.

10 Since we began our work, the Baron has signed a declaration on 7 April with the Spanish Government. This is an understanding between the parties to work towards an agreement whereby the best paintings in the Collection would be loaned to Madrid for up to 10 years, with options to extend or convert to a permanent agreement. The Spanish Government have undertaken to refurbish and provide the Villahermosa Palace rent-free for this purpose, and the money so spent can be taken into account in any future financial arrangements.

11 We are advised that this is not a binding commitment, and certainly the Baron does not regard it as such, if he has an acceptable offer from the United Kingdom. But in our view the existence of the declaration makes it essential that any offer from the United Kingdom should not be subject to further negotiation, except on points of detail, and should require the A and B pictures in the Collection to be delivered for the opening of a new gallery in this country: a timescale of 3 years, or 5 years at the outside, even if a short-term loan to Spain is arranged in the interim.

Building and Site

12 We have examined the options of a refurbished historic house and a new gallery. A more detailed assessment of three short-listed candidates is given in Annex B. In particular we looked at the

possibilities of an inner city location, bearing in mind the example of the Burrell Collection, which has brought large and identifiable benefits to Glasgow: in particular well over 500 new jobs, and an enhanced attractiveness for firms contemplating relocation or new premises. In its first year the Burrell had over one million visitors, though attendances have since fallen, with an estimated spend in the Glasgow area of £10-20 per visitor.

13 Our conclusion is that a new building would meet most of the Baron's concerns as well as our own. He has not been attracted by other 'heritage sites' because they will not convert efficiently to display the paintings to maximum effect. Moreover, the conversion costs of Grade 1 listed buildings will be as high as, if not higher than, new construction, with no guarantee that the accommodation could meet the rigorous requirements for a collection of this quality - lighting, especially natural, air conditioning, humidity and temperature control, fire prevention etc. Facilities and access in such buildings are often far from ideal. Though Somerset House has some advantages in this respect, the Baron would not welcome being alongside the Courtauld collection.

14 We feel strongly that this is an opportunity to make a positive, forward-looking statement for the year 2000. New buildings are attractions in themselves; a British architect (James Stirling) won a competition to extend the Thyssen Collection in Lugano but the project was never realised.

15 In our view a site in Docklands could well attract substantial private support. A public cultural building is badly needed to give status to this

highly important development and it appears likely that a site could be found in the Canary Wharf development. The developer (Mr Reichmann) has already been approached independently about the possibility of providing an art gallery and has indicated his interest in integrating this into the development on a river frontage. It would of course be necessary to ensure, if this option is pursued, that the gallery would be of the necessary standards for a collection of Thyssen's size and quality, and in an appropriate style. For these reasons we consider that HMG should be prepared to underwrite the whole cost if necessary.

16 Another potential inner city site would be the centre of Birmingham, where major development plans are under way. In either case, the site would need to be a minimum of 0.5 acre, but suitably landscaped and presented up to 3 acres could be required. For the purposes of costing, this Report assumes a site of 1 acre.

17 A third option is The Grange, a neo-classical Grade I shell by Wilkins, set in acres of beautiful parkland north-east of Winchester. However, while this site could combine the heritage aspect with a new building which would join the existing facades and prove an exciting architectural challenge, it is far from ideally positioned. A country site in Hampshire would give rise to much opposition, and it would not attract the numbers that would be available in a major city.

Capital and running costs

18 Our assessment is that a building of the kind required would cost £35m to build/renovate, inclusive of VAT and design fees. The site cost we would hope to negotiate as part of any proposed major

development, at minimal cost. If this were not possible the additional cost could be about £10m in West Docklands, about £1m in East Docklands, and possibly an amount in between in Birmingham, for a one acre site.

19 Such a gallery would need to provide 60-70,000 sq ft of space. This would include suitable ancillary facilities for a major foundation: lecture room, shop, library and study areas. On the basis of available information we consider that the running and staffing costs of such an institution would be £4m-£5m pa, offset perhaps by £1m net in charges paid by members of the public. We do not consider it realistic to assume that costs of this order could be provided other than by central funding.

Status of the Collection

20 The Baron wishes the Collection to be vested in an independent trust which he would chair, and to which he wishes to appoint at least 51% of the members. This raises questions of the extent to which the Government could or should accept such an arrangement if it provides the permanent site, building and future endowment of the new gallery.

21 We therefore think that negotiations should open on the basis that the Baron would have the right to be chairman; that the family would be entitled to a 49% share of the membership; and that 51% should be nominated by HM Government. However if this proposition proves unacceptable, we propose to go along with the view that the Thyssen nominees should be 51% of the Foundation, provided the terms of the Foundation are inalienable to the United Kingdom and subject to suitable safeguards for the public purse. The trustees would be prohibited

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from selling off or removing permanently those parts of the Collection agreed to be held in perpetuity, but would be free to sell the remaining lesser pictures provided that the sale proceeds were to fund new acquisitions.

Timing

22 We understand that the Baron would like to have a firm proposition from the UK on the table by mid-May so that it can be fully considered before a meeting of the Thyssen trustees at the end of June. We have therefore decided to put forward a package on the basis below, subject to the fine details being worked out after further discussion with the Baron and his representatives in Lugano.

Financial options

23 The working party have estimated the overall financial requirements as follows:

- £35m for the new or converted building, excluding any site costs, or up to £45m including site costs of an acre in West Docklands;
- up to £5m pa running costs (offset by charges for entry)
- an offer of £120m to acquire all the B+ pictures, most of the B- ones, and possibly some others. This offer should recognise the possibility of inflation, of up to 10% pa if it is agreed to spread the purchase costs over a period of 5 years.

24 Effectively, therefore, we consider the UK must be able to table an initial offer of up to £200m, spread over 5 years on terms to be negotiated. We believe that the shorter the period, the more

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favourably the Baron will view the offer. Spain has offered 4 years, which appears acceptable.

25 We considered three main possibilities for raising a sum of this order:

(a) a Government contribution of £100m matched by an equivalent sum to be raised in the private sector. The Committee felt that such a possibility was unrealistic. No private sector contribution to the arts in this country has exceeded £15m to date, apart from the Sainsbury offer to build a new wing for the National Gallery in their name at £30m, and the £50m from Paul Getty Jnr, also to the National Gallery. It has taken four years of energetic effort to raise £5m for the Courtauld Galleries move to Somerset House; the National Trust's maximum private contribution has been £1.6m for Kedleston. We do not therefore think a 50:50 apportionment is possible;

(b) the Government might offer to buy the B pictures and to meet the running costs, leaving the private sector to provide £35m for buildings, and a suitable site. The view of the working group, however, is that even £35m cannot be promised within the timescale available. While every effort should be made to secure private funding, particularly if the Docklands site is the preferred option, the Government should be prepared to underwrite all necessary costs up to £200m;

(c) the Government should accept that we are faced with a unique opportunity of acquiring for a fraction of its market value (\$1.2 billion or £670m) a private Collection of exceptional importance and can do so for an immediate public

commitment of around £200m This seems to us by far the most realistic solution, and to offer the best chance of success with the Baron.

The UK proposition

26 Bearing these facts in mind we consider that it is desirable to put forward as quickly as possible a proposal which should be presented as an offer of up to £200m over 5 years, which would be for either a new museum building on a one acre site, or the conversion of The Grange. The precise timing would be subject to detailed negotiations with the Baron and his trustees. The essence of this proposition would be as follows:

(a) the United Kingdom would provide a new building at a guaranteed capital cost of £35m, excluding site costs. This sum would be guaranteed by HMG though this would not preclude an active effort to raise the sum from the private sector. The three sites offered would be London Docklands, central Birmingham and The Grange, Hampshire, in that order;

(b) the Government would undertake to provide the running costs for such a building up to a level of £5m pa, adjusted for inflation according to the GDP deflator;

(c) the Collection at this new gallery would be vested in a governing body set up under English law as a limited liability company with charitable status. The Baron would be the first chairman, and the Thyssen family interests would have the right to nominate 51% of the trustees, with HM Government nominating 49%.

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(d) the United Kingdom's financial provision, set out more fully in Annex C, would be offered as follows

- if necessary, purchase of a site at up to £10m in 1988-89;
- completion of a £35m new building to house the Collection by summer 1991 (spreading this sum over the financial years 1989-90, 1990-91 and 1991-92 in the approximate proportions 2:3:1);
- an offer to buy the B pictures at a rate of £120-146m over 5 years allowing for inflation of 10%, or such other combination as is negotiable with the Thyssen trustees.

provision for running costs at £5m pa, (adjusted within agreed controls thereafter to take account of both income and inflation).

27 We must enter two additional caveats. First, any offer of this kind must be seen as a one-off bid to match a window of opportunity, and should not in any sense be at the expense of the existing arts programme. It should be ring fenced and the Government should make it clear that it was facilitating the move of a private collection to this country, not creating an additional national gallery. Secondly, such an offer should be without prejudice to the Government's position on the Sutherland collection (Annex A and paragraph 5 above) should this at any time come onto the market.

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Conclusion

28 Overall we consider that an offer for the Thyssen Collection on the lines indicated would have a very strong chance of success, particularly if backed by personal appeals from the Prince of Wales and the Prime Minister. We understand, incidentally, that the Prince has arranged to visit the Collection in Lugano on 14 May. The annual costs would not be excessive and would bring a major benefit to the UK in terms of the attractions of a Collection of very large tourist value, which in its wake would create additional employment in the service industries. If we do not secure it, Spain or another European country will almost certainly do so.

29 We strongly recommend that the Government should put forward an offer on these lines. I would be willing to help with negotiations, involving Mr Hankes-Drielsma, in association with officials.

P J PALUMBO



Annex: Report on the Thyssen Collection
by the Director of the National Gallery

The Bridgewater collection, formed around 1800 and now belonging to the Duke of Sutherland (part of which has since the last war been on loan to the National Gallery of Scotland), is, although smaller, of higher quality and of far greater importance for this country. There are also many pictures in private hands in the United Kingdom of at least comparable quality, and with more powerful historical associations - Lord Radnor's Holbein and the Duke of Westminster's Velazquez can stand here for several dozen capital pictures. Any decision to acquire the Thyssen pictures that did not take account of these other contingent claims would be profoundly capricious.

That said, the Thyssen collection also contains a number of supreme masterpieces; The superb Van Eyck Annunciation is the last known work by the artist in private hands and is in good condition. The Dürer Christ Among the Doctors is probably the most important work by the artist not yet in a museum. Holbein's Henry VIII is a picture of the highest quality which should never have been allowed to leave this country. The paintings by Carpaccio, Caravaggio, Cézanne, Degas and Van Gogh would be eagerly sought by any major museum in the world.

The range of quality within the collection is obviously wide but in two significant areas it is strong where United Kingdom collections are notoriously weak:-

Early German

A comparable group of German paintings from the 15th and 16th centuries could probably not be formed again and is without equal in any British collection.

19th/20th Century

This is an area in which United Kingdom collections are generally poor. In particular, the German expressionists in the Thyssen collection would add a new dimension to the representation of 20th Century art in the United Kingdom.

In conclusion, the Thyssen Collection is without question among the finest private collections remaining, with some of the greatest paintings still in private hands and at least two general areas of remarkable strength. While less distinguished than our major municipal and university collections, it would significantly enhance the nation's holding of western art. I have not had a complete list of the B Class pictures and so cannot confirm their valuation. In general, however, the values proposed by Messrs. Sothebys appear reasonable, and it can be said that confidence with the total collection is worth many times the valuation proposed for the B class pictures alone.

Neil MacGregor
Director

LONDON DOCKLANDS

Canary Wharf is to be developed by Olympia and York.

Paul Reichman the developer is prepared to offer a waterfront site within the Canary Wharf project and may be prepared to fund the building of the gallery from his private resources.

Access is good and improving. The Docklands Light Railway will link Canary Wharf and the City. The London City Airport is two miles to the east. Road links are to be substantially improved.

BIRMINGHAM CENTENARY SQUARE

Two sites in the heart of Birmingham overlooking Centenary Square, adjoining or facing the Repertory Theatre.

Both would accommodate a gallery of the size required.

A new building of quality would enhance the City's present effort to improve this part of the City Centre. A new Convention Centre is already under construction to the east of the theatre.

Access is excellent, the Birmingham Inner Ring is close by, which links with the Aston Expressway and M6. Birmingham Airport is 15 minutes drive away off the M6. Intercity Railhead in New Street half a mile away. London to Birmingham is 110 miles.

THE GRANGE

A superb neo-Grecian house by Wilkins, architect of the National Gallery, set in fine parkland.

The surviving East and West blocks were completed in 1809, the former round the core of 17th century brick mansion. The blocks provide 12,000 sq ft, but later Victorian buildings linking the East and West Blocks have now been demolished leaving ample space for new galleries in between. Building alongside Wilkins' existing blocks would be a formidable but exciting challenge to a first rate architect willing to make the most of the opportunity.

The interior of the East Block amounts to little more than the floors and studding for the walls of each room. There are some remnants of fine plaster, but all the ceilings have gone. No interiors are left that would need to be sacrificed to place new galleries within the shell of the block. However much of the interior of the Ball Room (West Block) remains, and could be restored.

Out of town galleries are unusual but they have much to command them. The Burrell is a good example. There is increasing demand for access by motor car and the Grange is well served by the M3 and not too far from Heathrow or Southampton Airports.

An advantage in using the Grange is that substantial sums have been spent on its renovation but it exists only as an "objet d'art" and sees precious few visitors. It is hard to defend its long term maintenance in this fashion. The only obstacle is that the house and surrounding estate are not vested in the Secretary of State of the Environment, but still owned by the Baring family. The House was, as in so many cases in the past, only taken into guardianship by the Department. Before the Grange was offered to the Baron as a possible home for the collection, the Barings would need to be approached at the highest level to discover their attitude to the possible sale of the house and sufficient land for this purpose.

Proposed composition of UK offer

	£m				
	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
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Running costs	-	-	1	5	5

Total	34	38.5	48	42	40

*Pictures: a £120m valuation with payments over 5 years allow
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