

Ref. A088/1333

NOTE FOR RECORD

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cc Mr Anson (Treasury)  
 Mr Wilding (OAL)  
 Mr Jefferson (PSA)  
 Mr Wicks (No 10) ✓  
 Miss Pestell (FCO)

Thyssen Collection

Sir Robin Butler held a meeting at 5.30 pm on 27 April to consider Number 10's letter of April on the Thyssen Collection. Present were Messrs G H Phillips (Treasury), J B Jefferson and J Turner (Property Services Agency), R W L Wilding and R Stone (Office of Arts and Libraries) and N L Wicks (Number 10). Sir Robin explained that the Prime Minister had asked him to prepare urgent advice to put to Ministers on the details of the offer for the Thyssen Collection which might be made to Baron Thyssen. Discussion centred on three main areas: decisions relating to the site and building in which the Collection might be housed; decisions about the arrangements for the foundation or trust in which the Collection might be vested; and the handling of decision-making and the presentation of a proposition to the Baron.

Site/Building

2. Mr Jefferson said that the PSA had identified two principal options for a site for the collection: a building in London Docklands, or "The Grange" in Hampshire. The costs of both were likely to be of the order of £38 million (although "The Grange" was an existing building, adapting an historic building to house the collection would be at least as expensive

as constructing a purpose-built building). A third option which should be considered was a site in Birmingham.

3. In discussion, it was noted that the Baron wanted a location for the collection which would enable it to be widely accessible to visitors - and close to an airport which could accommodate the Baron's private jet. Ministers' priorities might, however, be different. There would, for example, be political attractions in locating the collection at an urban site outside London (ie Birmingham); while if, as was desirable, private sector finance was to be associated with the project, this might most easily be facilitated by the provision of a building for the trust. It would be for further consideration whether or not the proposition put to the Baron offered a single site or alternatives from which he could choose, but, for the time being, there would be advantage both in refining each of the three options further, and in letting it be known that no decision on a site had been taken to encourage the potential providers to offer competitive terms.

#### Trust Arrangements

4. Mr Wilding explained that it was proposed to create an independent foundation, on the lines of a charitable trust, in which ownership of the pictures, and perhaps (although not necessarily) of the building, would be vested. The Government could either purchase the "B" pictures in the collection and give them to the foundation; or it could enable the foundation to purchase them direct.

5. A number of different issues relating to the details of the Trust arrangements would need to be resolved. First, we should need to be satisfied about the basis of the valuation of the "B" pictures in the collection. The present valuation had been given by Sotheby's at the request of the Thyssen Trustees, and endorsed by the Director of the National Gallery in general

terms. But it was doubtful whether this would be sufficient to defend the expenditure to the Public Accounts Committee. Before final arrangements were entered into, it would probably be necessary for a Government representative physically to view the pictures. In the initial negotiations, agreement on a purchase price could be made conditional on this subsequent valuation.

6. A second issue related to whether the Government or the Baron should have the controlling interest in the Trust; and whether a concession to the Baron on this point might permit us to negotiate a lower purchase price for the collection. There might, in fact, be advantage in the Government's interest being a minority, to establish the independence of the trust - provided that the trust was based on a tightly drawn up agreement covering the terms under which the pictures were provided to the trust, the level of the Government's financial contribution, the rights over storage, display and disposal of the pictures and public access to them, appointment and accountability of the trustees, and responsibility for terms and conditions of employment of the trust's staff. Indeed, the agreement defining the powers and responsibilities of the trust would be at least as important as determining the level of Government interest in it.

7. It was clear that it would be necessary to construct a team of experts to draw up the detailed terms of the trust agreement.

A lawyer experienced in this area would be essential, and the Treasury Solicitor would need to be consulted about this. But advice would be needed about the sort of team which a firm like Sotheby's would assemble for a negotiation of this sort. In the first instance, Mr Jacob Rothschild might be approached about this.

8. A third issue concerned the arrangements for payment to the family for the pictures. The proposal that payment should be phased over a number of years had come from the family on the basis that this would be more attractive to the Government. In

fact, the Treasury would prefer to make a single payment - when the paintings were delivered to the trust. It was not clear whether legislation would be required to permit the Government to make such a payment.

#### Handling/Presentation

9. Sir Robin Butler said that he envisaged the Government's decision being taken by an ad hoc group of Ministers chaired by the Prime Minister, and comprising the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, and the Minister for the Arts; it would be served by the group of officials at this meeting, together with representation from the Foreign and Commonwealth Office. An initial Government view would need to be taken in advance of 14 May when the Prince of Wales was dining with the Baron. A more formal proposition would need to be put to the Baron by the end of May in advance of a meeting of the Thyssen Trustees in June.

10. Further consideration would need to be given to the presentation of the Government's position to the Baron; and of presenting it to Parliament and the public generally. There might be a case for the production of an attractive booklet to accompany the terms of the proposition.

#### Conclusion

11. Summing up their discussion, Sir Robin Butler asked for the preparation of three papers, to be circulated to the official group by close of play on 4 May, as follows:

- a. by the PSA, on sites and buildings, covering the points raised in paragraphs 2 and 3 above;

b. by the OAL, in consultation with the Treasury, on the trust agreement and financial arrangements, covering the points in paragraphs 4 to 8 above;

c. by the OAL, on handling and presentation, covering the points in paragraphs 9 and 10 above, and including an action plan.

Following consideration by the group at a meeting arranged for 5.15 pm on 5 May, the papers would be presented to the Ministerial group, which Mr Wicks would arrange to meet around 11 or 12 May. Mr Jefferson should invite his Secretary of State to keep Sir John Baring (The Grange) and Mr Paul Reichman (Docklands) aware of the Government's continuing interest in these two possibilities for sites for the collection. Mr Wilding should consult Mr Jacob Rothschild about the composition of the multi-disciplinary team which would need to be involved in drawing up the terms of the trust agreement (paragraph 7 above). The role of Mr Hanks-Drieslma should be clearly understood as that of consultant (for example on the best way to approach the Baron); he should not be involved in the Government's decision-making, or represent himself as acting on behalf of the Government.

*Traver Woolley*

T A WOOLLEY

28 April 1988