

**CABINET OFFICE**

70 Whitehall London SW1A 2AS

01-270 0101

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robin Butler KCB CVO

Ref. A088/1402

6 May 1988

ColeridgeLynn LawyerS. W. Lawyer

Dear Richard,

The Thyssen Collection

Following our meeting last night I attach a revised draft of the note which I propose to put to the Prime Minister. I should be very grateful for any comments from you or the other recipients by 1.00 pm on Monday 9 May. They can be given to my office by telephone if necessary.

John Anson and John Collins will note that I have put in a cockshy paragraph on legislation. They are, of course, welcome to comment on it as necessary.

I should be grateful if you and John Collins could take particular care to check that the description of the proposal in the covering minute is in line with the way in which it has now come out in the draft document to be presented by the Trustees, following your further discussions.

I am copying this letter and the enclosure to John Anson and Tim Burr (Treasury), Catherine Pestell (Foreign and Commonwealth Office), Brian Jefferson and John Turner (DOE), John Collins and Penny Dayer (Treasury Solicitor's Office), Rodney Stone (Office of Arts and Libraries) and Nigel Wicks (No 10).

Yours ever,

Robin

P.S. I understand that a further communication has been received from Mr Baron which could affect the exercise. Nevertheless I am circulating this draft in case we are required to proceed on the previous timetable.

R W L Wilding Esq CB
Office of Arts and Libraries

DRAFT OF 6 MAY

DRAFT MINUTE FROM FERB TO PRIME MINISTERThe Thyssen Collection

An informal group of Ministers is to meet under your chairmanship on Wednesday 10 May to discuss our proposal to the Thyssen Trust for the acquisition of the Thyssen collection for permanent exhibition in this country. I attach a draft proposal with two annexes, the first covering the proposed outline of an agreement and the second sites for the exhibition. This has been prepared by an Official Group under my chairmanship comprising the Treasury, Department of the Environment, Office of Arts and Libraries and the Treasury Solicitor. The proposals draw on the work done by an informal group set up by the Minister for the Arts under Mr Peter Palumbo and have been discussed informally with Mr Jacob Rothschild and the Director of the National Gallery.

2. The following paragraphs cover the main points for Ministerial decision.

The Proposals for an Agreement

3. The proposal provides for the British Government to spend up to £120 million on acquiring the B and C pictures of the collection, which would be vested in a new body to which the A pictures would also be made over in perpetuity for exhibition in this country. The agreement also provides that the British Government should ensure the provision of a gallery, which we estimate would cost £38 million (construction costs only), and that we would provide a recurrent grant of £4 million for running costs and maintenance.

4. It is thought that Baron Thyssen might want the Thyssen family to retain control of the body by having the right to nominate the majority of the trustees. We do not think this is acceptable. The agreement therefore provides for 5 trustees to be appointed by Thyssen interests in addition to the Baron for as long as he wished to be Chairman, and 7 by the British Government.

5. The proposals envisage that, if an agreement can be reached on these lines with the Thyssen trustees the first step should be to set up the

body in which the pictures will be vested. A short Bill will be needed to set up the body and provide for its financing. The body could then appoint a director and supervise the provision of a building within the cost limit imposed by the Government, including any private finance raised towards it.

6. It is essential that once an agreement has been made with us, it should exclude arrangements with any other party and prevent the pictures being committed on loan to any other party without our agreement. If possible, we want to ensure that if the Thyssen Trust agree in June to negotiate with us, they should discontinue negotiations with anyone else. In this respect the agreement signed by Baron Thyssen with the Spanish Government is a problem. We are seeking legal advice in Spain whether the agreement is enforceable but there may well remain a doubt about whether the Spanish Government could successfully take legal proceedings to enforce on the Baron the agreement to negotiate a loan of the pictures to Spain for up to ten years.

Sites

Not yet
attended

7. Annex B to the draft agreement offers three sites, reflecting the preliminary discussion with Baron Thyssen - Canary Wharf, The Grange near Winchester and Centenary Square, Birmingham. The developer of Canary Wharf would make the site available free of charge and has indicated that he might be prepared to contribute to the cost of the gallery. Birmingham City Council is also prepared to donate a site.

8. Ministers will want to consider to what extent they want to exert an influence on the choice of sites. Giving the Baron a free hand may increase the chance that our offer will be acceptable and gives the Government some protection against complaints from locations not chosen. On the other hand, the location of the exhibition could, for example contribute to the Government's inner city policies.

Finance

9. It is obviously desirable that as much private finance should be attracted as possible. However,

once the Government has committed itself to the acquisition of the collection and the site has been chosen, it will be difficult to attract further private finance. The approach taken in the proposal therefore is to set a limit on the British Government's contribution of £120 million for the pictures, and £4 million a year (which would no doubt need to be subsequently increased for inflation) for the contribution to running costs of the gallery. If private finance could be obtained to finance part of this, these sums could be reduced; or, of course, private finance could supplement them. The construction costs of the gallery are estimated at £38 million and this again could be put as the upper limit of the Government's contribution, though this figure could be reduced (if, for example, the developer of Canary Wharf can be persuaded to make a contribution to the construction costs as well as providing the site).

10. The timing of the payment for the pictures will need further consideration and will form part of the negotiations with the Trust. Given the possibility that the Spanish or Swiss Governments might seek to obstruct the passing of the pictures into our possession, either payment should not be

made until the pictures arrive here or we will need some other form of protection against non-delivery. In any event, it looks unlikely that the £120 million would fall to be paid this financial year.

11. Ministers also need to consider provision in the public expenditure plans. The Minister for the Arts has indicated that he could only support the proposal if these funds are provided as an addition to existing provision for the arts.

Legislation

12. The Treasury advise that legislation is needed to cover the continuing costs of the exhibition. This could also cover the establishment of the body in which the pictures will be vested. A short Bill may therefore need to be introduced next Session if agreement is reached with the Trustees.

Timetable and Handling

13. Baron Thyssen is hoping to receive a proposal from the British Government by mid-May. The Thyssen Trustees meet formally at the end of June and are then expected to decide what proposition to

pursue.

14.

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15. When the proposal is delivered it is most likely to be effective if it is delivered personally to Baron Thyssen by the Prime Minister. Mr Hanks-Drielsma has suggested that Baron Thyssen would probably be willing to accept an invitation to come to London for this purpose. An alternative would be to send the proposal under a personal letter from the Prime Minister.

Presentation

16. Although the acquisition of the collection would be a coup, the commitment of up to £200 million for this purpose is bound to be criticised both by the rest of the arts world who have been pressing for funds to maintain adequately their existing collections but also by other pressure groups (eg those who have suffered from the recent changes in social security).

17. So far discussions with Baron Thyssen have attracted hardly any notice but, once a formal proposal is submitted, it is virtually certain that news of it will leak, if only because those who oppose it will want to alert the Spanish Government and perhaps campaign more widely. At that point, it will be necessary for the Government to confirm that discussions are taking place with Baron Thyssen and the Trustees and emphasise the uniqueness of the opportunity of acquiring this collection. Beyond that, it may be best to say as little as possible about the details during the negotiations. Those responsible for the sites under

consideration would also need to be persuaded to withhold comment.

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Summary

19. Ministers are invited:

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a. To consider the outline of the proposals to be put to the Trustees (paragraphs 3-5) and to consider the attached draft of a document to be submitted to them.

b. To note that there may be continuing uncertainty about the force of the agreement signed by the Baron with the Spanish Government (paragraph 6).

c. To consider whether they wish to express a preference to the Baron between the three sites in our proposal (paragraph 8).

d. To note the financial aspects of the proposal and consider whether the costs should be additional to existing provision for the arts (paragraphs 9-11).

e. To note that, if agreement is reached with the Trustees, a short Bill may be needed in the latter part of the 1988-89 Session (paragraph 12).

f. To consider the points of timing,

handling and presentation (paragrphs 13-17).

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20. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment the Attorney General and the Minister for the Arts.