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6 May 1988

Dear Robin

THE THYSSEN COLLECTION

I enclose new versions of the paper and Annex A, revised in the light of yesterday's discussion.

2. I have read over the amendments to Penny Dayer (Treasury Solicitor) who is content. We discussed the particular problem, raised by John Anson, of what would happen to the Gallery if the Trustees were already in possession of the building but the pictures never turned up. Penny believes that it would be possible to protect ourselves against this in the legislation, eg by providing for reversion to HMG in certain circumstances.

3. I was much concerned to hear from John Anson at your meeting that the Treasury might wish to finance this venture partly from the existing arts budget. I have mentioned this to Mr Luce, who remains adamant that we cannot possibly carry the costs of acquiring and subsequently supporting the collection on his PES programme and on his Votes unless it is financed as to 100% as an additional item on top of existing provision. Any other arrangement would make acceptance of the Thyssen venture by the arts world, already a difficult problem, totally impossible. He believes that it would be wrong to embark even on preliminary negotiations with Baron Thyssen until this point has been established, and therefore intends to raise it at the Ministerial meeting next Wednesday.*

4. He has also had one other thought which he may also bring up and which I am therefore mentioning in this letter: that where the running costs of the Gallery are concerned, it might be much better for the Government to make a substantial once-for-all contribution to an endowment fund at the start, than to make annual contributions for the indefinite future. The reasons for this would be:

* I have now seen your draft note on this, which is helpful.

(a) the endowment fund approach might be used to elicit contributions from the private sector, thus increasing the private share of financing;

(b) to the extent that the Government contribution to running costs will cause resentment among other arts bodies, it is better to incur that resentment once than to refresh it every year for ever;

(c) a once-for-all contribution to endowment would make it much easier for the Government to distance itself from pay-rates and other things which will otherwise constantly raise difficult issues of accountability and control.

5. If one assumes £1m per annum as a realistic estimate of admission charges and £5m as the likely total of running costs, the Government could offer a sum in endowment of a size calculated to produce a net income to the Trustees of anything between £2m and £4m per annum, depending on how much weight one put on the prospects of private contribution. It would be possible to start with £2m or £2.5m and move up if necessary in the course of negotiation.

6. Copies of this letter go to Nigel Wicks (No 10), John Anson, Hayden Phillips and Tim Burr (Treasury), Brian Jefferson and John Turner (DOE), Catherine Pestell (FCO), and John Collins and Penny Dayer (Treasury Solicitor).

Yours wr

Richard

R W L WILDING

Draft Annex A.

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THE THYSSEN COLLECTION

Her Majesty's Government is interested in negotiating arrangements under which the Thyssen Collection could be given a permanent home in the United Kingdom. This note sets out the Government's view on the form that such arrangements should take.

2. HMG understands that the Collection, which is owned by the Thyssen-Bornemisza Art Collections Trust, at present comprises 1365 pictures as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
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	227	496	443	199	1365

3. The main features of the arrangement would be:

(a) All the 227 A pictures, at present on loan to the Thyssen Foundation in Lugano, should be gifted in perpetuity to a new Foundation, to be set up as soon as possible in the UK for the specific purpose of owning, caring for and exhibiting the Collection to the public. Further proposals for the constitution and powers of the new Trust are at Annex A.

(b) The Foundation should also acquire the best of the B pictures (about 500) together with such other pictures from the Collection as may be mutually agreed. HMG would

finance this transaction on the basis of a professional valuation of the pictures in question, and would be prepared to ask Parliament to grant up to a maximum of £120m for this purpose.

(c) Subject to any necessary Parliamentary approval, HMG would ensure the provision of a Gallery on a site to be agreed with Baron Thyssen, constructed and fitted out in such a way that the Collection can be cared for and exhibited at a high standard and be accessible to the public. Further proposals for the site, reflecting preliminary discussions with Baron Thyssen, are at Annex B. HMG would expect the construction cost of such a Gallery to be around £38m, excluding site costs.

(d) The Gallery should be named "The Thyssen Gallery". In addition to the storage and exhibition of the pictures, it should make provision for conservation, and have other facilities, eg for education and scholarship, appropriate to a major public gallery.

(e) HMG would seek Parliamentary approval to make a contribution of up to £4m towards the maintenance and running costs of the Gallery; the Foundation would be responsible for raising any additional sums that were necessary for these purposes, eg by charging for admission.

4. The next step should be the holding of negotiations between HMG and the Thyssen interests in order to arrive at a detailed and binding agreement. While these negotiations are in progress, no other negotiations would take place between the Thyssen interests and any other Government or interested party over the future of the Collection; and no new loans of pictures from the Collection would be made without full consultation with HMG.

5. It is proposed that the agreement to be negotiated should take a form in which:

(i) the first step would be to set up the new Foundation, appoint its Trustees and enable it to employ a Director and such other staff as are needed to carry out preliminary work;

(ii) decisions would then be taken about which B and (if any) C pictures would be acquired by the Foundation;

(iii) appropriate arrangements would be made for the vesting of the pictures in the Foundation and for their physical delivery to the Trustees; and for the timing of payments by HMG under paragraph 3(b) above;

(iv) prior to the taking of decisions on acquisition by the Foundation, facilities for inspecting and verifying the authenticity, condition, title and deliverability of the pictures concerned would be extended to experts nominated by HMG for this purpose;

(v) the Trustees would be responsible for obtaining the necessary planning consents, drawing up the brief for the new building and ensuring its construction within cost limits laid down by HMG.

THE THYSSEN FOUNDATION IN THE UNITED KINGDOM

1. The Collection and the Gallery would be vested in an independent body of Trustees set up by legislation or otherwise under English law.
2. Baron Thyssen would be the first Chairman for as long as he wishes to serve, with the right to nominate his own successor subject to the consent of HMG. Thereafter the Trustees would elect their own Chairman, again subject to the consent of HMG.
3. In addition to the Chairman, there should be 12 Trustees, 5 appointed by the Thyssen interests and 7 by HMG. All Trustees (with the exception of Baron Thyssen as first Chairman) to serve for a period of 5 years, capable of renewal. An appropriate definition of the Thyssen interests would be needed for incorporation in the founding legislation or other instrument.
4. The Trustees should be equipped with the necessary powers to
 - (a) appoint and employ a Director and staff;
 - (b) care for, preserve and add to the objects in their Collection;
 - (c) exhibit the objects to the public and provide access to them for the purposes of study and research;
 - (d) generally promote enjoyment and understanding of the fine arts.

(e) carry out all the managerial and administrative functions required for the fulfilment of the above objects.

5. Since the "A" and the best "B" pictures are to be transferred under a condition of perpetuity, the Trustees would not have powers to dispose of them. They would however be empowered to dispose of other items in the Collection, subject to the approval of HMG. The proceeds of any such disposal may be applied by the Trustees to the purposes of the Gallery as they see fit.

6. The Trustees would obtain the consent of HMG before disposing of any land or buildings.

7. The Trustees may loan items from the Collection for exhibition elsewhere in the UK or abroad, subject to suitable arrangements for ensuring that an appropriate proportion of the "A" pictures is always on exhibition in the UK.

8. The Trustees would appoint a Director of the Gallery with the consent of HMG. They may also appoint other employees.

9. Within the limits of their annual income, the Trustees would be free to pay to their employees such remuneration and allowances and to appoint them on such other terms and conditions as the Trustees may determine. The salary of the Director would be subject to approval by HMG.

10. There would be an appropriate requirement for the minimum number of days in the year on which the Gallery would be open to the public.

11. The Trustees would appoint their own professionally qualified auditors. The Comptroller and Auditor General would have access to their books and records.