

CONFIDENTIAL



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From the Principal Private Secretary

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Meaty Recast

SIR ROBIN BUTLER

THE THYSSEN COLLECTION

The Prime Minister held a meeting this afternoon to discuss your minute of 9 May concerning a proposal to the Thyssen Trustees for the permanent location of the Thyssen collection in this country. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General, the Minister for the Arts, Mr. George Guise (No. 10 Policy Unit) and yourself were present.

Please could you, and copy recipients, ensure that this minute is seen only by named persons and that its circulation is kept to the minimum necessary.

The Prime Minister said that there was an opportunity, which was unlikely to recur, for the country to acquire an extremely valuable collection of pictures for a payment of a fraction of their market value. The case for such an acquisition would have been clearer cut if the negotiating uncertainties and legal difficulties had not been so great and the intentions of the other parties more certain. If the United Kingdom was to have a chance of securing the collection, a speedy response was necessary.

The following points were made in discussion.

1. The political difficulties of the acquisition were magnified by the legal and negotiating uncertainties involved. There would be the worst of all worlds if HMG entered into negotiations and the project did not, for one reason or another, go ahead.
2. Some in the arts and heritage world would support the acquisition of such a fine collection. Others would argue that it was inconsistent for the Government to fund this large purchase when money for the maintenance, repair and expansion of museums, as well as for new purchases, had been denied. Such criticism might be muted by emphasising that Baron Thyssen's contribution of the "A" pictures was itself a most generous private sector contribution. It would be helpful if some private sector finance for the gallery itself could be assembled as well.

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3. Whatever the legal effect of the Spanish agreement, it seemed that the Baron had given some moral commitment to the Spanish Government over the future of the collection. It was difficult to believe that the Trustees would readily flout the Baron's authority by denying an agreement to which he had put his signature, even though they might not have liked its terms. It was important that HMG should not place itself in the position of an international gazumper or become party to an international bidding competition. In any event, the agreement between Baron Thyssen and the Spanish Government was a considerable complication, though the difficulties would be felt more by the Baron and the Thyssen Trustees than by HMG. The various pressures and conflicting interests within the Baron's family added to the complications, though they need not necessarily work to the UK's disadvantage.

4. If the proposal went ahead, there would have to be complete certainty that the absolute title of the property in the collection passed to a foundation set up in this country. Before concluding negotiations we would need to be assured that the Trustees had the power to transfer to the new foundation the property in the pictures unencumbered. This would require us to be satisfied that the children and beneficiaries of the various trusts agreed to the transfer. The changes of mind of Baron Thyssen, and the substantial use of taxpayers' money, made it essential that Trustees appointed by the Government were in the majority in the foundation so that HMG's nominees effectively controlled the pictures.

5. It was clearly essential that HMG should not part with any cash for the pictures until the foundation had received delivery and were certain as to absolute title. Once negotiations had begun, we had an interest in ensuring that the pictures should be properly safeguarded including their insurance and general care. The commitment of funds to a gallery should be delayed, if at all possible, until there was certainty that the pictures had been acquired; if the pictures did not materialise, there were many comparable works of art in this country which could be exhibited in a new gallery.

6. Legislation, perhaps as early as the next session, would be needed both to establish the foundation and to give Parliamentary sanction to the expenditure of taxpayers' money.

Summing up the discussion, the Prime Minister said that although some Ministers present had doubts about the acquisition, the Secretary of State for the Environment should submit to the Cabinet, on 19 May, a paper seeking authority to open negotiations with the Baron and the Trustees on the broad lines of the approach described in the attachment to your minute. If the Cabinet agreed, a letter should be sent to the Baron, with a copy to the Trustees, informing him of HMG's wish to negotiate regarding the collection. Such a letter should probably be written by the Secretary of State for the Environment. Either the letter,

or its attachments, should make clear the broad terms of the Government's approach. It should point out, in suitable terms, that since substantial sums of taxpayers' money would be involved, the Government would need to be assured that absolute title of the property in the collection would pass to a foundation established in this country, and that the majority of the Trustees would need to be appointed by HMG. It should explain that the Government would need to assure itself that the Trustees had power to transfer property in the pictures unencumbered and that the children and other beneficiaries of the Trust agreed to the transfer. There needed, too, to be arrangements to ensure that the pictures were delivered here into the foundation's ownership before any money was paid. The requirement for legislation should be presented to the Baron as a means of safeguarding the Trustees and his interests as well as those of the British Parliament. There needed to be arrangements, too, about the pictures' insurance in the period before the foundation acquired title and possession. The advice of Bermudan, Spanish and Swiss lawyers would need to be sought on relevant aspects. A time limit should be set for a decision by the Trustees on whether to proceed with the offer.

The approach to the Baron should be tailored in such a way as not to preclude further private sector funding, including endowment funding. There would need to be separate discussions between the Treasury and the OAL about the PES treatment of the additional expenditure, but it was accepted that expenditure was pre-eminently additional, though for the time being it should be left open whether there should be any contribution from elsewhere.

The Prime Minister asked you to prepare a Cabinet paper for the Secretary of State for the Environment reflecting the points above. You should also prepare, in close consultation with the Attorney General and the Treasury Solicitor's Department, the draft of a letter which, subject to the agreement of the Cabinet on the general approach, should be sent to the Baron covering the above points.

There would need to be arrangements for the Attorney, to be closely involved with the detailed negotiations and to see the various legal documents involved, including the texts of the various Thyssen Trusts and of any necessary consents and assurances required.

TEMPORARILY
RETAINED

S. Gray
28/7/2016

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OF THE PUBLIC RECORDS ACT

I am sending copies of this minute to the Private Secretaries of those Ministers present and to George Guise (No. 10 Policy Unit).

N. L. WICKS
11 May 1988