CONFIDENTIAL

To await PM's response AT 18/1

OFFICE OF ARTS AND LIBRARIES
Great George Street
London SW1P 3AL
Telephone 01-233 8610

From the Minister for the Arts

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
London SW1P 3EB

16 January 1985

Dear Patrick,

I have read Kenneth Baker's letter to you, dated 9 January, attached asking for the agreement of colleagues to the introduction of a new counter-obstruction clause in the Abolition Bill.

The consideration of such a clause is, from my point of view, most timely. I have been thinking about a related problem over how we can ensure that the Arts Council will take over the South Bank in a sensible fashion on 1 April 1986. The GLC could make mischief by committing the Halls for some long time into the future to either desirable or undesirable organisations thus tying the hands of the Arts Council and possibly causing them great financial embarrassment. We have not had a substantive reply to our Section 5 request for information on firm and provisional bookings, so my anxiety may prove well-founded.

The sort of counter-obstruction clause which I had in mind to meet this problem would be one which would, from the date of its publication, require the GLC to seek the consent of the Arts Council for any contracts or provisional bookings. Without this consent, the bookings would not be valid and would not have to be honoured by the successor body. The pressure from third parties should be sufficient to secure compliance by the GLC.

The new clause proposed by Kenneth, however, would not meet these requirements. It would seem sensible if we could draft it in such a way that it could cover my more limited concern, rather than have a specific clause dealing with the South Bank.

CONFIDENTIAL

What concerns me most about the new clause is that it appears to weaken the existing position. As I understand it, by not imposing sanctions, in the form of the invalidity of arrangements entered into, without the consent of the Secretary of State, any forward financial or contractual obligations would still be valid. I appreciate the position as it applies to long-standing liabilities or contracts, but here we are specifically dealing with new contracts whose intent is entirely different. Surely our supporters will expect any new counter-obstruction clause to have teeth. What this proposal appears to do is perpetuate uncertainty, since a successor body landed with unreasonable liabilities would no doubt try to evade them.

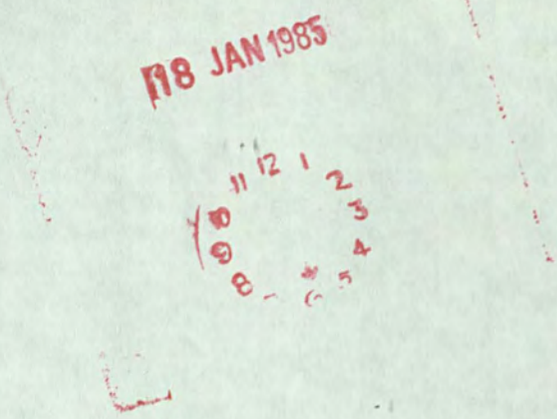
Without a sanction such as the automatic invalidity of any contracts or long-term financial arrangements, I am afraid I could not agree to the new clause suggested by Kenneth. In my area, not only could we have problems with the South Bank, but we could end up with a large financial burden being imposed on the Arts Council should the GLC decide to commit itself at the eleventh hour to future payments of substantial sums of money. For example, they could guarantee to meet the deficits of arts bodies annually, and thereby involve the Arts Council in an open-ended series of payments. Such a policy would be particularly unfortunate when applied to the politically motivated or fringe groups who would not expect funding in future from the Arts Council. Such funding would be highly charged, given the character of such groups, and is quite different from profligate grant-giving in the GLC's final year. While such front loading would be regrettable, not least in its waste of ratepayers' money, it would be a one-off gesture. We must prevent where we can, however, such payments extending beyond 1 April 1986.

There is sufficient scope for such irresponsibility for me to ask you to reconsider the question of sanctions, and strengthen the clause in the way I have suggested.

I am copying this to the Lord Chancellor, colleagues on MISC 95, and to Sir Robert Armstrong.

Yours,
Tony

GOWRIE


18 JAN 1985