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From the Minister for the Arts

The Rt Hon John Biffen MP
Lord Privy Seal
68 Whitehall
London SW1

27 November 1984

Dear John,

THE MUSEUM OF LONDON AND THE LOCAL GOVERNMENT BILL

Wednesday 21/11 att. p. 2. L(R), 2th
I undertook to write to you, following our discussion at Legislation Committee on Tuesday last, to confirm our understanding of the position of the future of the Museum of London after abolition.

In order to avoid the risk of a challenge to the Local Government Bill on grounds of hybridity, we have been obliged to leave the City's one-third share of the funding of the Museum untouched. This will mean that the Government will have to assume the GLC's one-third share, in addition to its own existing one-third share, in the face of the Local Government Bill.

As you know, this has been a last minute change, and one which is damaging to our policy of 50:50 funding with the City. After some quite hard negotiation, the City had agreed to an equal partnership provided that the extra money they had to pay (half the GLC's share) would come from an adjustment to the London Rates Equalisation Scheme. This had also been agreed in principle by Kenneth Baker.

We agreed at L that we should seek to introduce a single purpose Bill to restore the position as originally intended. If this could be enacted before the abolition date, no additional payment would be required from Central Government.

I am grateful for the efforts which colleagues made at L Committee to help me out of a difficulty which was not of my making. It is, however, not at all certain that this solution will work. To introduce such a Bill in the 1985-86

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Session could give the GLC an opportunity for mischief. The Bill would most likely be hybrid and the GLC, as an interested party, could make representations. It may therefore, be better to leave its introduction to the 1986-87 Session. But in that case the additional financial burden of half the GLC's share (about £800,000) would either need to be found centrally for at least a year, or be subtracted from the Museum's already tight budget, with a knock-on effect on the City's own contribution as well. Secondly, and this is even more worrying, it seems to me quite possible that despite the agreement I have reached with them the City will reverse engines and refuse to agree to the Amending Bill, protesting themselves quite content with the new statutory position. The Museum's Governors and staff will also most probably approve of the Government's assuming two-thirds of the funding, and appointing two-thirds of the Governors. In that event, the £800,000 would need to be added permanently to my budget if the Museum's operation was not to be severely curtailed, and the consequences blamed on the Government's abolition policy.

I must make it clear, as I said at L, that I do not have this additional money. When we calculated the central funding needed to maintain the major museums and galleries after abolition, we worked on the assumption that the City would take on half the GLC's share of the funding of the Museum of London. £800,000 is not a large sum in public expenditure terms, but it is so in relation to the funds available for dealing with the consequences of abolition and the multiplying claims upon them. I could not find such a sum for a year, let alone permanently. So I must look to our Environment colleagues to find this sum, if necessary, from their larger budget. As was said at Committee, I doubt if this is money that Peter Rees should be asked to inject at this stage, but if it is not forthcoming, the Museum will find itself severely underfunded.

Finally, before writing to the City I must be able to assure them that, at whatever date the separate amending Bill is enacted, the extra monies to be paid by the City will be set against their LRES contribution. Unless I can give this assurance the City will not countenance its one-third funding position being changed. I should be grateful for Kenneth Baker's confirmation that the LRES offset will be available to the City.

I am copying this to members of L Committee, to members of MISC 95 who are not also members of L, to the Prime Minister and to Sir Robert Armstrong.

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GOWRIE

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2 MARSHAM STREET
LONDON SW1P 3EB
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My ref:

Your ref:

14 December 1984

Dear John,

The Museum of London and the Local Government Bill

Grey Gowrie sent me a copy of his letter to you of 27 November about the situation in which he finds himself as a result of the last minute change that we were forced to make in Clause 41 of the Local Government Bill. I am sorry that he was put in this position - which was not, of course, of our making either!

So far as the promotion of a single-purpose Bill to restore the position is concerned, I am less worried than Grey about the risk of hybridity. Whether or not the Bill were likely to be ruled to be hybrid would, of course, depend on the precise contents of the Bill. My understanding is that the original Museum of London Act was only ruled to be hybrid because of its effects on testators' rights; and there has been a subsequent public Act which amended the original Act which was not classed as hybrid.

Even if the Bill is so classified, there will be ample time for prior consultation with interested parties to defuse effective opposition and, if the Common Council are happy with what is proposed, it may be that there would be no-one else who could petition. Our advice was that the ratepayers as such may well have no locus in the matter, and it is difficult to see how the GLC itself could establish a claim to be an interested party when the Bill, by definition, would be dealing with a time after the abolition of the GLC, and the Bill to provide for the abolition would, by then, have been passed.

So far as the financial arrangements are concerned, I have agreed that if the City takes on an additional one-sixth share of the cost of supporting the museum, this extra share will be taken into account in calculating its contribution to an extended London Rate Equalisation Scheme. This does not mean that City ratepayers will pay nothing towards these costs - after all, all London's ratepayers pay at present through the GLC precept. But the aim of the LRES adjustment will be to ensure that City ratepayers bear only a fair share of the costs, equivalent to what they would have contributed if the cost of supporting the museum had been divided between all the boroughs.

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If we do not legislate for the new permanent arrangements for the Museum before 1986/87, there will inevitably be an interim period when London ratepayers do not have to meet these costs. This would be unfortunate and could well give rise to presentational problems when they are asked to pay more in 1987/88. For this reason I do hope that it will prove possible to secure legislation before abolition.

I have copied this to members of L Committee, members of MISC 95 who are not also members of L, to the Prime Minister, and to Sir Robert Armstrong.

Your ever

Pat

PATRICK JENKIN

Parliament: Legislation: Pt 13.



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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

31 December 1984

NGP AT 2/11

AT: to see

Dear Guy,

THE MUSEUM OF LONDON AND THE LOCAL GOVERNMENT BILL

Thank you for your letter of 27 November about the consequences which follow from the necessary changes in the provision in the Local Government Bill relating to the financing of the Museum of London. I have also seen Patrick Jenkin's letter of 14 December.

As you will remember from our discussions in L Committee, it was felt that a short Bill to provide for a 50:50 split between the City of London and the Government in the financing of the Museum of London as from 1 April 1986 could be accommodated in the 1985/86 programme. I understand your fears about the hybridity of such a Bill, but I am reassured by what Patrick has to say on the subject in his letter. Unless, therefore, you have further and better legal advice that such a Bill would be in real danger of hybridity and that the GLC could use the fact to delay its progress and embarrass the Government, I suggest that we proceed as originally intended.

If you are content with this, it will obviously be necessary for you to make a formal bid for such a Bill to The Queen's Speeches and Future Legislation Committee, although in the light of Willie Whitelaw's comments at Legislation Committee, you will be in little doubt of its reception. I very much hope that on this basis and that of Patrick's reassurances about the effect on the City's contribution to the London Rate Equalization Scheme, you will feel able to go ahead in this way.

I am copying this letter to members of L Committee, members of Misc 95 who are not also members of L, the Prime Minister and to Sir Robert Armstrong and Sir George Engle.

JOHN BIFFEN

The Rt Hon the Earl of Gowrie
Chancellor of the Duchy of Lancaster

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