

R W L Wilding CB
Head of the Office of Arts and Libraries

CONFIDENTIAL

Sir Terry Heiser KCB
Department of the Environment
2 Marsham Street
London
SW1P 3EB

Prime Minister

*Any comments
on the draft below*

Office of
Arts and
Libraries

Horseguards Road, London SW1P 3AL
Telephone 01-270 5870

13 May 1988

*One comment only -
on para 1 - which
at the moment is
antiquarian below
Dear Terry drafted
extensive excellent
just for C.W.
13-5*

THE THYSSEN-BORNEMISZA COLLECTION

As agreed at Robin Butler's meeting on 12 May, I enclose:

- (a) a revised version of the proposal paper and its annexes;
- (b) a revised draft letter to Baron Thyssen, based on a version prepared by the Treasury Solicitor and cleared with the Attorney General.
- (c) a revised draft covering paper for Ministers.

Most of the points stipulated in Nigel Wicks' minute to Robin Butler of 11 May are now covered in the note and its annexes. I have not however covered the point about insurance, which seems most appropriate to the subsequent negotiations.

The last two sentences of paragraph 5 of the draft paper for Ministers which deal with the effect on the arts budget reflect an understanding between the OAL and the Treasury which should make it unnecessary to take time on this issue at the Ministerial meeting.

Copies of this letter and enclosures go to Robin Butler (Cabinet Office), Nigel Wicks (No 10), John Anson and Tim Burr (Treasury), John Bailey and Penny Dayer (Treasury Solicitor), Catherine Pestell (FCO) and John Turner (DOE). I should be grateful if they could let you have any comments, with a copy to me, as early as possible on Monday 16 May.

Yours ever

Richard

R W L WILDING

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File 36
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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

16 May, 1988.

THE THYSSEN-BORNEMISZA COLLECTION

This is to confirm my conversation with you this morning in which I said that the Prime Minister thought that the draft Cabinet Paper and other attachments annexed to your letter of 13 May were excellent. She had only one small amendment to paragraph 5 of the draft Cabinet Paper which was that the second sentence should read:

"A realistic offer would have to include a sum of about £120 million as compensation for the beneficiaries and £38 million for the provision of a gallery in addition to the site costs."

I am sending a copy of this letter to Robin Butler and to Terry Heiser, but not more widely.

(N.L. Wicks)

R.W.L. Wilding, Esq., CB,
Office of Arts and Libraries.

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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. A088/1511

16 May 1988

Dear Terry,

See below.

The Thyssen-Bornemisza Collection

I was grateful to Richard Wilding for copying to me his letter of 13 May covering a draft Cabinet paper. I have no comments on the draft paper or its attachments, save to note that there will need to be some minor editorial changes to reflect the agreement which has been reached that the paper should be circulated jointly by the Secretary of State for the Environment and the Minister for the Arts.

I am copying this letter to John Bailey, John Anson, Richard Wilding and Nigel Wicks.

Yours ever,

Robin

Sir Terence Heiser KCB

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DRAFT PAPER FOR MINISTERS

*Jt Paper from Mr Ridley and
R. W. here*

THE THYSSEN-BORNEMISZA COLLECTION

The Thyssen Trust are seeking a long-term home for the Thyssen-Bornemisza Collection of which some 50 pictures are currently on display at the Royal Academy. The Collection, which is of the highest distinction, consists of over 1,300 pictures currently valued at about £670 million.

2. Baron Thyssen and his Trustees envisage making over the best of these pictures (the 227 'A' pictures) and the best of the second category of pictures (the 'B+' pictures, totalling about 500), with such other pictures from the Collection as may be mutually agreed, to a new foundation in a country of their choice. The recipient country would provide a gallery where the pictures would be on permanent display to the public; and would pay a suitable sum in compensation to the beneficiaries of the Trust for the surrender of their rights in the pictures transferred.

3. A number of countries have made offers for these pictures, including Germany and Spain. The Getty Foundation has also expressed an interest. None of the offers so far made have been regarded by Baron Thyssen or the Trustees as providing a satisfactory long-term destination for the pictures, although the Baron (whose current wife is Spanish) has personally signed a memorandum of understanding with the Spanish Government envisaging the establishment of a foundation in Spain and the loan of the pictures for exhibition in Spain for up to ten years and possibly longer.

4. Notwithstanding this memorandum of agreement, Baron Thyssen and the Trustees have indicated that they would be glad to consider an offer from Britain to provide a permanent home for the Collection. There is to be a meeting of the Thyssen Foundation in early June and of the Trustees in July, at which a decision about the proposal to be pursued is likely to be taken. If a proposal from the British Government were to be accepted in principle there would be a lot of important points to be covered in negotiations before an agreement could be reached; in particular our knowledge of the legal position is limited. A short Bill would then need to be presented to Parliament, probably next Session, to establish the new UK foundation and to provide cover for committing funds to the payment of

compensation, and the provision of a gallery and its running costs.

5. The Minister for the Arts and I have discussed what proposal might be put to the Trustees, and this has been discussed in a small Group under the Prime Minister. A realistic offer would have to include a sum of about £120 million as compensation for the beneficiaries and ^{£38m for the} the provision of a gallery, which it is currently estimated ~~would cost £38 million~~, in addition to the site costs. It is also estimated that the running costs of the gallery might be £4 million on top of the yield of admission charges and other contributions. The arrangements should be such as to encourage as much private financing as possible, in addition to the very large private subvention represented by the pictures themselves and the contribution that may be expected from the developers. Such arrangements however are unlikely greatly to diminish the sums mentioned above. The Minister for the Arts has said that they could not be provided from existing provision for the Arts Budget. In the view of the Chancellor of the Exchequer and the Chief Secretary the cost will need to be taken into account in the next Public Expenditure Survey when considering provision for other arts expenditure beyond the 3-year programme agreed in the last Survey.

*dictating
and signing.*

6. Two sites have been identified which, on the basis of preliminary discussions with the Baron, might be acceptable. One is in Canary Wharf, London, and the other in an inner city site in Birmingham. The Canary Wharf site would be made available free of charge by the developers of Canary Wharf who would also consider a contribution to the costs of the building and in Birmingham the site would be provided by the City Council.

7. The draft of a proposal to the Trustees is set out in the attached papers. The Trustees would wish to consider it in confidence but it is bound to become known, whether or not it is successful. It will be controversial, not least with other arts interests which would argue that, if funds of this order could be made available, they should be provided to improve the care and display of existing collections or to meet other existing arts needs in this country. But this is a unique opportunity to acquire permanently for this country a magnificent Art Collection at a fraction of its value; we ought not to miss the chance.

8. The Cabinet is invited to agree that a proposal on the lines of the paper attached to this memorandum should be submitted to Baron Thyssen and the Thyssen Trustees for consideration at their forthcoming meeting.

DRAFT COVERING LETTER TO BARON THYSSEN

Her Majesty's Government understands that the Trustees of the Thyssen-Bornemisza Collection are considering the long-term future of the Collection.

Her Majesty's Government wishes to take this opportunity to propose arrangements for providing a permanent home for this pre-eminent Collection in the United Kingdom. To do so it believes would be for the benefit not only of the British people but also of the many visitors to our country. If the Trustees were to decide, with your own approval, that this magnificent Collection should be located in the United Kingdom such a decision would be warmly welcomed by Her Majesty's Government.

Of course, the decision cannot be that of Her Majesty's Government alone. An acquisition as important as this must be sanctioned by Parliament. Her Majesty's Government would be willing to seek approval from Parliament to the acquisition if arrangements to the satisfaction of both the Trustees and Her Majesty's Government can be agreed in principle. I have been authorised to say that, to achieve such agreement, Her Majesty's Government would welcome the

opportunity to discuss with the Trustees arrangements on the lines set out in the note enclosed with this letter.

Her Majesty's Government, and Parliament before it sanctioned the acquisition, would need to be satisfied of various important matters included in the note and its annexes. It would of course be especially important to be clear, before Her Majesty's Government approached Parliament, that no dispute could foreseeably arise over the power of the Trustees to pass an absolute and unencumbered title in the pictures to the new Foundation in the United Kingdom. I feel sure that you and the Trustees would give our representatives the assistance they will require to confirm this and other points.

Because of the pre-eminent position of the Collection Her Majesty's Government would intend not only to seek the sanction of Parliament to its acquisition but would also ask Parliament to provide, through legislation, for the establishment of the new Foundation in the United Kingdom which would own and control the pictures. It is considered that the status conferred on the Foundation by such statutory authority would be commensurate with the importance of the Collection and would best achieve the arrangements for the Foundation which Her Majesty's Government believes will be thought desirable by yourself as well as by Parliament.

Her Majesty's Government would hope that the Trustees would decide in principle before the end of July whether they wish to pursue this proposal.

Her Majesty's Government recognise and admire the generosity and munificence involved in the suggestion which originated with yourself and to which its own proposals relate and it warmly hopes that you and the Trustees will give them favourable consideration.

I am sending a copy of this letter to Mr Paul Coleridge as chairman of the Trustees.

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THE THYSSEN-BORNEMISZA COLLECTION

Her Majesty's Government is interested in negotiating arrangements under which the Thyssen-Bornemisza 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
<hr/>					
	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 made over 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 best of the 'B' pictures (about 500) would also be made over to the new Foundation, together with such other pictures from the Collection as may be mutually agreed.

(c) HMG would be prepared to ask Parliament to grant up to a maximum of £120m which it would pay to the Trustees in compensation for the rights surrendered in (a) and (b).

(d) 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.

(e) 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.

(f) 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. As part of the negotiations, steps should be taken to assure HMG that the present Trustees are in a position to pass an

absolute and unencumbered title in the pictures to the new Foundation.

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 new Foundation;

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

(iv) prior to the taking of decisions on acquisition by the new 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 of the new Foundation 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 a high 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.

CANARY WHARF: LONDON DOCKLANDS

Canary Wharf, which lies alongside the River Thames immediately to the east of the city of London, is to be developed to provide a new business district. It will include 12.5 million sq ft of office and retail accommodation and hotel and leisure facilities and will be the world's largest single development.

Two sites (1 and 2 on the enclosed plans) could be made available for the gallery. The first site lies on the proposed West Ferry Circus, on axis with the main approach to Canary Wharf, and enjoys views up river to the City. The second site lies on the waterfront to the south of West Ferry Circus. An indication of the proposed development of Canary Wharf is shown in the enclosed drawings.

The site will be served by the Docklands Light Railway which will provide access to Bank Station and the underground network and London City Airport which lies 2 miles to the east. The Docklands Highway, now under construction, will connect Dockland to Britain's motorway system. The proposed east London River crossing will connect to the A2 and, by 1993, the Channel Tunnel will complete motorway and rail links with Europe. Parking for 6,500 cars will be available within Canary Wharf. The new Thames Line Riverbus will link Canary Wharf with stations on the river from Chelsea to Greenwich. More than 20 million people live within one hour's travel time.

The construction of a gallery could be timed to coincide with the completion of the development of Canary Wharf in 1992.

CENTENARY SQUARE: BIRMINGHAM

Birmingham is the second largest city in England with a population of more than 1 million. A site could be made available for the gallery in the city centre on the north side of Centenary Square. Major redevelopment of the square, now in progress, includes construction of an international convention centre, concert hall and hotel. Adjoining the square are the Central Television headquarters and Europe's largest municipal library. The site is illustrated in the drawings and photographs enclosed.

The site is close to the Birmingham inner ring road which links to the Aston Expressway and the M6 motorway. Parking will be available close to the square for 4,000 cars. New Street Station, which provides a direct rail link with London and other cities, is within 1 kilometre ($\frac{1}{2}$ mile). Birmingham International airport can be reached in 15 minutes. 7 Million people live within one hour's travel by road.

The convention centre is expected to be completed by 1991 and the construction of the gallery could follow on to complete the development of the square.