

CONFIDENTIAL

MR. FLESHER

Special Financial Scrutiny of the Royal Opera House,
Covent Garden, and the Royal Shakespeare Company

Mr. Priestly has sent me a copy of his minute of 27th January.

2. I must declare my interest. I have sent Mr. Priestley a minute putting it on record that, as I am Secretary to the Directors of the Royal Opera House, Covent Garden, I shall not seek to involve myself with the decisions on the form which this scrutiny should take or with the conduct of the scrutiny, but that, if those concerned wish to ask me for advice or information, I shall be happy to help in any way I can.

3. You have asked me to comment on Mr. Priestley's minute.

4. I note that Mr. Channon has turned down a proposal to bring in management consultants. Given that decision, I think that the Prime Minister can be content to see the scrutinies entrusted to Mr. Priestley, Mr. Allen and Mr. Trumper, subject only to one major point.

5. The team proposed is vulnerable to the criticism that it includes no one with experience of the problems of running a theatrical or operatic enterprise. Some of these problems are of a kind not encountered in the ordinary industrial or commercial enterprise. If the team has no input of this kind, it will be in danger of reaching conclusions which the Royal Opera House or the Royal Shakespeare Company can easily show do not have regard to their special circumstances or problems, and thus put the credibility of the whole exercise in question.

6. I think that there are two possible ways of remedying this deficiency.

7. The team could be given an adviser or assessor with relevant experience: someone who would not be a member of the team but to whom the team could turn to seek advice and to test the sense and practicability of its ideas. The difficulty is to think of someone

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with the right combination of experience and detachment. The only person I have been able to think of is Sir Kenneth Robinson: for some fifteen years a company secretary, and a former chairman both of the English National Opera and of the Arts Council.

8. The alternative would be to ask each of the two houses to provide an additional member of the team for its own scrutiny. This would ensure that the team had someone with appropriate expertise for each scrutiny. The external members of the team would be in a majority, and the scrutiny could not therefore be steered in wrong directions or distorted by the "in-house" member. And this would have the added advantage, not only of associating someone "in-house" with the scrutiny (and thus improving its credibility to the house concerned), but of introducing the scrutiny technique to the managements concerned.

9. On the whole I favour the second approach (paragraph 8). I cannot speak for the Royal Shakespeare Company, but I am sure that the Royal Opera House could and would find somebody suitable.

RA

Robert Armstrong

31st January 1983

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