



FROM: CHIEF SECRETARY
DATE: 9 NOVEMBER 1983

PRIME MINISTER

FINANCIAL SCRUTINY OF THE ROYAL OPERA HOUSE AND
ROYAL SHAKESPEARE COMPANY

You have already commented on Grey Gowrie's letter to the Chancellor of 4 November.

2. I have seen the summary report by Mr Priestly and I agree that he makes a strong case for increased funding for the Royal Opera House and Royal Shakespeare Company. However, I would like to have a chance to consider in rather more detail the exact figures that are necessary. Moreover the Report recommended not only extra funding but also economies within the companies and a radical overhaul of their financial management. I do not think we should agree to the former without securing a clear commitment to immediate action on the latter.

3. The Priestly Report, of course, related only to the Royal Opera House and the Royal Shakespeare Company. I cannot accept Grey's suggestion that we should assume without further examination that other opera companies face the same difficulties and that we should simply grant them an additional £1.9 million a year. The circumstances, for example, of the Scottish Opera may differ markedly from the Royal Opera. Besides, an immediate extension of special treatment to other opera companies would precipitate demands for further help to other performing Arts companies.

4. For these reasons I would like to discuss a little more fully with Grey what increases are required for the ROH and



RSC and other companies before final decisions are taken. But you will not be surprised to hear that my main concern is with his proposal that any increases should be matched by an increase in the overall arts budget. In my view, those claims must be weighed against other claims on the Budget and, painful though it may be, offsetting savings should be found. I do not think it reasonable to ask colleagues to address themselves to this issue at Cabinet tomorrow. I suggest that we should seek colleagues' endorsement to the programme totals I agreed with Grey on 24 October and that his new bid should be treated as a potential claim on the Contingency Reserve. He will appreciate that, to my eyes at least, there is a strong presumption against accepting such a claim at any time, let alone within two weeks of a decision on programme totals.

5. Finally I don't think I can let pass Grey's comment that the Priestly Report came too late to be taken into account in our Public Expenditure bilaterals. The Report was delivered on 30 September but it was already known at the time of our bilateral meeting on 12 September that it would recommend increased funding for the ROH and RSC. It was not until 24 October that we reached agreement on the Arts Programme - an agreement to increases of £6 million in 1984-85, £10 million on 1985-86 and £13 million in 1986-87 on the basis that the detailed allocation of the programme was for Grey to determine. By that time, it should have been possible for him to reach at least a provisional view of the Priestly recommendations, though his consultations were not complete. Yet at no stage during those exchanges did he suggest either that a further increase in his programme was required in order to accommodate necessary action on Priestley or that when the recommendations had been further studied he might need to seek additional resources. Had he done so, I



would certainly have sought to reach an agreement which took account of these impending claims and, if necessary, put the matter to MISC 99 so that the proposals could be weighed against the many painful options they were considering in other fields.

I am copying this minute to the Minister for the Arts and, with copies of the earlier correspondence, to the Lord President and Sir Robert Armstrong.

J. G. Grieve

J. G. G. P. R.

[Approved by the Chief Secretary]

LONDON

Arts: Pol. towards 3/26



CONQUEROR
LONDON



10 DOWNING STREET

Prime Minister

The Chief Secretary is
proposing

- (i) that Cabinet should endorse the totals for the cuts agreed with MISC99
- (ii) that to £5 million additional bid should not be agreed for the line being
 - (a) claim on the contingency reserve while CST examines
 - (b) scope for offsetting savings
 - (c) case for extending help to other opera companies.

AT

10/11