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PREM 19/2018

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PART ONECONFIDENTIAL FILING

Prime Minister meeting with
Baron Thyssen - Bornemisza to discuss
the siting of the Thyssen Collection

ARTS AND
AMENITIES

PTI:
February 1988

~~to attach letter "Thyssen Collection - A Proposal by HMG"~~

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PREM 19/2018

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● PART 1 ends:-

BARON THYSSON to PM. 30.5.88

PART 2 begins:-

NW to FGRB. 2.6.88

CF
R216
H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWEZ)
VILLA FAVORITA - TEL. 81 66 21

May 30th, 1988.

The Rt. Hon. Margaret Thatcher
Prime Minister
10, Downing Street

GB - London SW1

2
Prime Minister

FERB is hereby
a meeting this evening on
this and will provide
urgent advice.

N. C. V

2.6

see note at top

Dear Prime Minister,

Thank you very much for sending me with the Secretary of the Cabinet the most impressive proposal of the British Government. I realize that a lot of thoughts and very quick work was needed to put together a long-term solution of our collection. I discussed it with my eldest son George Henry and my wife and we came to the conclusion that for the time being we cannot unilaterally break the agreement we signed with the Spanish Government on the 7th of April this year, which the Ministry of Culture reconfirmed and according to which a loan of 600 to 700 pictures will be arranged for ten years to a joint foundation, after the Villa Hermosa in Madrid has been modified into a modern Museum. This will hopefully be completed within two years and will bring the whole question to the year 2000. I will keep everything very confidential and will inform you immediately if there is any development which might change the existing spirit of the Spanish Government.

I am very sorry not to be able to convey to you better news, but I hope to intensify the cultural exchange with the British Government, in which I have a very great confidence, and England, which I like as a country in every respect.

My wife and I are sending you our best regards,

Yours very sincerely

Heinz Bornemisza

H.H. Thyssen-Bornemisza

ARTS + AMENITIES

Thyssen Feb 88

pm
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Prime Minister

So far, so good.

Ref. AO88/1584

Very good N.C.W.

PRIME MINISTER

23.5

The Thyssen Collection *ms*

I travelled to Lugano on Saturday with Mr Hanks-Drielsma and delivered the Government's proposal to Baron Thyssen. We were genially received and the form of the proposal and your letter gave the Baron pleasure. I judge that this stage of the operation went well and subsequent events described later in this minute point the same way.

2. Mr Hanks-Drielsma and I were invited to lunch with the Baron and Baroness but we had to miss this because our flight was delayed by 1½ hours as a result of industrial action by air traffic controllers in France. We arrived at about 2.20 pm having been driven from Milan by Sir Peter Smithers.

3. We were shown the gallery while the Baron and Baroness finished lunch; and the Baron then joined us. I explained that I came as Secretary of the Cabinet and that the Cabinet had approved the proposal on Thursday. The Baron first read your letter, commenting that a manuscript letter of this type must be a rare document, and was clearly impressed by the presentation of the proposal. He then read quickly through the proposal with us. I explained that the proposal was a detailed one because the Government had wanted to make quite clear the terms of its proposal, to which it had given much thought, and I also explained that we were proposing to ensure the permanence of the arrangements by enshrining them into a Law passed by Parliament: the Baron appeared favourably impressed by this. I finally said that we had so far managed to handle the matter in strict confidence and would try to go on doing so: if we received

enquiries from the press we proposed to say that we had naturally expressed an interest in Britain's providing a permanent home for the Collection in view of its unique quality, but that we were just one of a number of countries which had done so. I further said to the Baron that, having considered what proposal we would be able to make for a long-term solution for the Collection, we were now placing it in the hands of himself and the Trustees and would leave it to them to reach their decision.

4. Baron Thyssen said that he was fully content with the way we were handling it and agreed with the line we should take if there were press inquiries. He explained a little about the nature of the Trust and the distinction between the 'A' pictures and the rest; he said that his son was well disposed to the 10 year loan to Spain, because he thought that the pictures would appreciate further during this time, but he himself thought that this would apply more to the 'A' pictures than to the ones in which the heirs have an interest. He was about to go to Spain for discussions about responsibility for choosing an architect for adapting their gallery: he said that he did not want to be bothered with such things but would stipulate an architect if that were necessary. He said that the timing of our proposal was very helpful since it could be considered at the forthcoming meetings of the Foundation and the Trust. He asked me to make sure that a copy went to Mr Coleridge.

5. Then, at Mr Hanks-Drielsma's suggestion, he took me upstairs to his personal apartments to show me the pictures there. I said that I had picked up a catalogue of the Lugano Exhibition to take back to you, and the Baron then produced a copy of the London catalogue in which he inscribed a message to you. I am sending this through separately.

6. The Baroness did not put in an appearance, although the Baron was clearly expecting her to do so. He spoke to her on the internal telephone and excused her on the grounds that she was upset because her favourite dog was ill. Mr Hanks-Drielsma and I then took our leave and Mr Hanks-Drielsma, who clearly has an easy relationship with the Baron, arranged to see him the next day.

7. Mr Hanks-Drielsma has this morning reported to me on his further conversation with the Baron. He said that our proposal had been received very well indeed and was regarded as far better than anything received from any other Government including the Spanish. The Baron had asked Mr Hanks-Drielsma whether he thought that the pictures could be loaned to the Spanish for a period before the British proposition came into effect and Mr Hanks-Drielsma had told him that frankly he believed that this would not be possible. Once the pictures had gone to Spain the British Government could have no confidence that they would ever be released: it was one or the other.

8. The Baron had some detailed comments on the proposal, which he had obviously gone through with great care. He said that he had long wondered whether it would be better for the pictures to go somewhere like Birmingham where they would be the dominant Collection but that, if it were a choice between Birmingham and the Docklands site, he was bound to choose Docklands; and he liked enormously the site in Docklands overlooking the river (Site 2). He had agreed that the 'A' and the overwhelming majority of the 'B+' pictures should be made over to the new Foundation but had questioned whether the 'B-' and 'C' pictures should be provided. (Our proposition talks of "the best of the 'B' pictures (about 500) together with such other pictures from the Collection as may be mutually agreed"). He wanted the name of the gallery to be 'The Thyssen-Bornemisza Collection Gallery'. He was impressed by the figure of £4 million for HMG's recurrent contribution to the maintenance and running



costs of the gallery, but assumed that this would be dynamised as the value of money changed. On the unencumbered title to the pictures, he commented that one of the heirs was a minor whose mother had not agreed to anything on his behalf; but he had no doubt that this was a problem which the lawyers could sort out. On the Trustees, he preferred an arrangement by which equal numbers were appointed by both sides with himself as Chairman having a casting vote but HMG having a veto over the matters on which they needed protection. On para 5 of Annex A, the Baron had commented that while the 'A' pictures must be kept together in perpetuity, he thought that the Trustees might be given powers to dispose of 'B' pictures if they wished to use the proceeds to acquire other pictures. On paras 8 and 9 of Annex A, he was worried about the controls over the Trustees in appointing the Director of the gallery and in approving his salary.

9. The Baron had asked for a copy of the proposal to be taken to his eldest son whom he is meeting in the Netherlands tomorrow and I have arranged this through Mr Hanks-Drielsma. Two copies have also been given to Mr Coleridge, the Chairman of the Trustees. Both the Baron and Mr Coleridge have warmly welcomed the prospect of handling the legal aspects with Mr Robert Alexander whom they both know very well. Mr Coleridge has confirmed that, while there will be points to discuss, the Trustees do not intend to haggle. Both the Baron and Mr Coleridge appear to think it reasonable that we should have a firm answer by the end of July and, if that answer is given in our favour, there should then be no negotiations with other parties.

10. This adds up to a picture which Mr Hanks-Drielsma interprets as the Baron having accepted that our proposal provides what he wants for the long term future of his Collection and the Baron's main preoccupation now is to extricate himself with honour from the Memorandum of



Understanding he has signed with the Spanish Government. That may be too optimistic. But the initial reception to the proposal has clearly been very favourable indeed and the Baron is commenting on detailed points in a way which suggests that he regards it as a serious prospect.

11. The Minister for the Arts is seeing Mr Alexander tomorrow evening and Mr Alexander will be given a copy of the proposal. Informal discussions between him and Mr Coleridge can then start as soon as convenient for both of them.

12. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Minister for the Arts and the Attorney General.

R.B.

ROBIN BUTLER

23 MAY 1988



file *ATS*

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

SIR ROBIN BUTLER

THYSSEN

The Prime Minister was grateful for the copy of the Government's proposals which you forwarded with your minute of 20 May. She has commented that this is very good, and sent her congratulations to those who have produced it so quickly.

She has also noted that Mr Robert Alexander has said he would be delighted to act for the Government.

PAUL GRAY

23 May 1988

VL

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File SHOBEP
aPC
NW

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

Sir Peter Smithers telephoned the Prime Minister this evening to report Baron von Thyssen's first reaction to the proposals which you presented to him yesterday in Lugano.

Mr. Hanks-Drielsma had seen the Baron again today and found him very impressed with the substance and presentation of our offer. No one else had produced anything remotely as attractive. His strong preference was for the Canary Wharf site. The Baron had raised two or three points, all of which were negotiable. His only anxiety was how to extricate himself from the agreements which he had already signed. In Sir Peter Smithers' view that should be no problem: the Trustees would sort it out for him. The Baroness' views were still an unknown quantity: her dog had died yesterday (not so far as I can establish as a direct result of your visit) and she was in consequence distraught and had not studied the proposals. Sir Peter Smithers said that he had taken on himself to produce a précis of them for her.

The Baron was keen for his son to have a copy of the proposals when they met in Holland on 24 May and Mr. Hanks-Drielsma was arranging that. The Baron was pleased with the appointment of Robert Alexander QC to handle the negotiations. He knew him well. Sir Peter Smithers concluded that in his view the matter was as good as settled in our favour.

The Prime Minister said that this was excellent news although we could not count our chickens. The opposition would certainly fight back. Our best course was to keep quiet and adopt a low profile. If we secured the Collection it would be a great tribute to Sir Peter's determination.

I am copying this minute to the Private Secretaries to the Secretary of State for the Environment, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Attorney General and the Minister for the Arts.

(C. D. POWELL)
22 May 1988

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CABINET OFFICE
70 Whitehall London SW1A 2AS
01-270 0101

✓ CF.
Please send a cc
to B. Ingham.

+ Mr. NCU
23-5

From the Secretary of the Cabinet and Head of the Home Civil Service
Sir Robin Butler KCB CVO

Ref. A088/1579

20 May 1988

Dear Richard,

Thyssen

Many thanks for your letter of today. I am delighted that Mr Alexander is willing to act on our behalf in the negotiations with the Thyssen Trustees and for my part I am content with the team which you have proposed.

I have now also received the first copies of the documents, which seem to me admirably presented. I should be grateful if you would pass on my warm thanks to those who produced them at such short notice.

I had a word with the Prime Minister this morning about the defensive note. She suggested shortening the first answer, and I attach a revised version of the note, which I should be grateful if all recipients could follow, and make available to their press offices as necessary.

I am copying this letter to Nigel Wicks (No 10), John Anson (Treasury), Brian Jefferson and John Turner (DOE), and Penny Dayer (Treasury Solicitor's Department).

Yours ever,

R W L Wilding Esq CB

Robin

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THE THYSSEN COLLECTION: RESPONSE TO PRESS AND OTHER
ENQUIRIES

No statement of any kind should be volunteered about the fact that HMG has made a proposal to Baron Thyssen.

If asked whether HMG has done so, the answer should be:

"It is known that the Trustees of the Thyssen Collection are considering its long-term future, Britain is among the countries which have expressed an interest because of the unique nature of the Collection".

If asked about possible sites:

"Clearly, possible sites must form part of any discussions, but no further details can be given at this stage".

If asked about cost:

"It would not be helpful to discuss costs at this stage. Clearly any proposals for expenditure would be subject to Parliamentary approval in due course".

Ref. A088/1581

MR GRAY

Thyssen

--- I attach a copy of the Government's proposal, in the form in which it is being made available to the Baron and the Trustees. I hope that the Prime Minister will think that it has come out well. In the Baron's case, the letter from the Secretary of State and Mr Luce will be presented separately, with the Prime Minister's letter: in all other copies, Mr Ridley's and Mr Luce's letter will be bound in (but not, of course, the Prime Minister's, which will only be made available personally to the Baron).

X { 2. The Prime Minister will also be glad to hear that Mr Robert Alexander has said that he would be delighted to act for the Government in any negotiations with the Trustees and would not dream of accepting a fee. He has said that he would want to keep closely in touch with Mr Jacob Rothschild, and we see no difficulty about that. We are setting up a support team of three officials from the Treasury Solicitors Department, the Office of Arts and Libraries and the Department of the Environment to support Mr Alexander in the negotiations.

R.B.B.

ROBIN BUTLER

20 May 1988

Just good -- Gough's
to show who have
presented it to Unilever.

Prime Minister
You will see to see - and
to note X.

R2C6 20/5

CC BG
(minute only)

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SUGGEST
CC MASTER



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

You discussed with the Prime Minister this morning the question of the line to take should news of the Government's proposals to Baron von Thyssen become public. The Prime Minister's hope is that we can say as little as possible, preferably nothing more than:

"It is known that the Trustees of the Thyssen Collection are considering its long term future. Britain is among the countries which have expressed interest, because of the unique nature of the Collection".

(C. D. POWELL)
20 May 1988

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88



10 DOWNING STREET

THE PRIME MINISTER

76
cc CO
20th May 1988.

Dear Baron Thyssen,


It is with very great
pleasure that I submit to you the
proposals of the British Government to
provide for the long-term future of the
Thyssen - Bornemisza Collection. And I
am delighted to say that my
Cabinet colleagues endorsed them very
warmly indeed at our meeting yesterday.

Since our talk and having had
the opportunity to see the truly beautiful
pictures from the Collection in the Royal

Academy. I have felt a growing
sense of excitement and gratitude
that you and your Trustees should
be prepared to consider entrusting the
care of this supreme and unique
Collection to Britain.

Should you and your Trustees
decide to proceed with our proposal, we
shall do our utmost to ensure that the
location and future for the Collection is
worthy both of its merit and of your
confidence in us.

Yours sincerely
Margaret Thatcher



Baron Hans Heinrich Thyssen-Bornemisza
Villa Favorita
Via Riviera 14
Lugarno
Castagnola CH6976
Switzerland

19 May 1988


Dear Baron Thyssen - Bornemisza

Her Majesty's Government understands that you and 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. Her Majesty's Government believes that this would bring great benefits both to the British people and to the many visitors to this country; and would thus at the same time fulfil your own objective of making the Collection as widely accessible as possible. 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. We have been authorised to say that, to achieve such agreement, Her Majesty's Government would welcome the opportunity to discuss 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. We feel sure that you and the Trustees would give our representatives the assistance they will require to confirm this and other points.

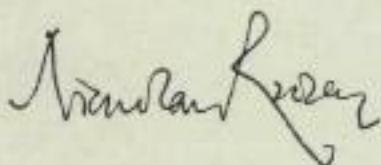


Because of the pre-eminent position of the Collection Her Majesty's Government would intend not only to seek the sanction of Parliament for its acquisition but would also ask Parliament to provide, through legislation, for the establishment of the new Foundation in the United Kingdom which would own 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.

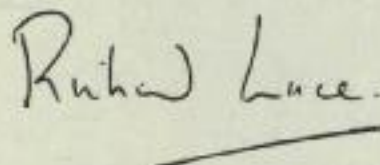
Her Majesty's Government would hope that you and the Trustees would decide in principle before the end of July whether they wish to pursue this proposal.

Her Majesty's Government recognises and admires the generosity and munificence involved in the suggestion that this Collection might have its permanent home in the United Kingdom and your own indication that you would welcome a proposal to this end, and it warmly hopes that you and the Trustees will give these proposals favourable consideration.

We are sending a copy of this letter to Mr Paul Coleridge as chairman of the Trustees.



SECRETARY OF STATE
FOR THE ENVIRONMENT



MINISTER FOR THE ARTS

IN CONFIDENCE

THE THYSSEN-BORNEMISZA COLLECTION

Her Majesty's Government (HMG) 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-Bornemisza 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.

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(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-Bornemisza, 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-Bornemisza, 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-Bornemisza interests in order to arrive at a detailed and binding agreement. While these negotiations are in

IN CONFIDENCE

progress, no other negotiations would take place between the Thyssen-Bornemisza 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;

IN CONFIDENCE

(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.

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ANNEX A

THE THYSSEN-BORNEMISZA FOUNDATION IN THE UNITED KINGDOM

1. The Collection and the Gallery would be vested in an independent body of Trustees set up by legislation.
2. Baron Thyssen-Bornemisza 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-Bornemisza interests and 7 by HMG. All Trustees (with the exception of Baron Thyssen-Bornemisza as first Chairman) to serve for a period of 5 years, capable of renewal. An appropriate definition of the Thyssen-Bornemisza 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.

IN CONFIDENCE

(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.

IN CONFIDENCE

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.

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A088/1575

NOTE FOR RECORD

CC PS/Sir Terence Heiser

Sir John Bailey

Mr Anson

Mr Wilding

Mr Gray

Thyssen Collection

Sir Robin Butler held a meeting this afternoon to discuss the action arising out of the decision by the Cabinet this morning to make a proposal to the Trustees of the Thyssen-Bornemisza Collection. Present were Mr Jefferson, Mr Turner (DOE), Mrs Dayer (Treasury Solicitor's Department), Mr Burr (Treasury), Mr Wilding and Mr Stone (Office of Arts and Libraries).

The Proposal

2. The proposal would be produced in a bound form and incorporating a letter dated today over the signatures of the Secretary of State for the Environment and the Minister for the Arts. Its title would include the description: "A Proposal by Her Britannic Majesty's Government". The Prime Minister's initial reaction that morning was that although the delivery of the proposal to the Baron should be low key, the use of a Queen's Messenger might err on the side of discourtesy. The Prime Minister would be speaking to Sir Peter Smithers to seek his advice on this point. The Prime Minister was keen that the proposal should be delivered as soon as possible (perhaps over the weekend) and if it could be done in good order, it should be with Sir Robin by the following afternoon for him to pass the same day to the Prime Minister for approval.

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The Negotiating Team

3. It was known that Mr Robert Alexander QC was willing to assist in the negotiations, and the Prime Minister had that morning endorsed the suggestion that he should head the delegation negotiating on behalf of Her Majesty's Government. It was important that he should be formally retained for this task and so act for and take instructions from the Government. Mr Wilding would speak to Mr Alexander that evening. The team should also include a member of the Treasury Solicitor's Department and representatives at Grade 7 level from each of the Office of Arts and Libraries and Department of the Environment, who would be expected to be able to speak with the authority of their Ministers. If possible the composition of the team should be agreed in principle in time for Sir Robin's report to the Prime Minister that weekend.

Publicity

4. The Prime Minister had indicated that publicity should be kept to a minimum. But it was only a matter of time before an Arts Correspondent raised questions on the subject and it was necessary therefore to have a defensive line ready. This would take the general form that it was known that the Trustees sought proposals for the future of the Collection and in this connection the Government had put forward some ideas. But that these had to remain confidential while they were discussed. This line was defensible on the grounds that this accorded with the Baron's wishes; that other proposals had run into trouble from premature publicity; and that any proposals were subject to Parliamentary approval. Approaches about both the costs and possible locations could be answered on the same basis. Mr Wilding would let Sir Robin have a suitable formulation for him to include in his note to the Prime Minister.

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Negotiations with Developers

5. It was agreed that the Department of the Environment, without prejudicing the final choice of the site, would seek to get firmer proposals from Mr Reichman for housing the collection in a site at Canary Wharf, since the terms were likely to be more favourable while uncertainty about the preferences of the Trustees remained.

P.C.B.

PAUL CUTHBERT-BROWN

19 May 1988

CONFIDENTIAL



Ref. A088/1566

MR GRAY

The Thyssen Collection

I promised to have a go at a draft
of a personal letter from the Prime Minister
to Baron Thyssen. This is attached.

R.R.B.

ROBIN BUTLER

19 May 1988

DRAFT LETTER FROM THE PRIME MINISTER TO THE BARON HANS
HEINRICH THYSSEN-BORNEMISZA DE KASZON

You will be receiving with this letter the proposal of the British Government to provide for the long-term future of the Thyssen-Borenmisza Collection.

I am delighted and thrilled that my colleagues in the Cabinet should have endorsed so warmly the suggestion that we should submit this proposal to you. Since meeting you, and since having the opportunity to see for myself the breathtaking pictures from the Collection in the exhibition at the Royal Academy, I have felt a growing sense of excitement and gratitude that you and your Trustees should be prepared to consider that care of this supreme Collection should be entrusted to Britain.

I hope that I do not need to assure you that if you and your Trustees decide to proceed with our proposal, we shall do our utmost to ensure that the location and future for the Collection is worthy both of its merit and of your confidence in us.

CONFIDENTIAL

FILE

KK



MEETING RECORD:
Subject cc master.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 May 1988

SIR ROBIN BUTLER

THE THYSSEN COLLECTION

The Prime Minister spoke to Sir Peter Smithers on the telephone this evening in the presence of the Secretary of State for the Environment and yourself. She explained that Cabinet had discussed the possibility of the UK proposals this morning, and decided that it would be right to proceed. The question now was how best to approach the Baron, and she would be grateful for Sir Peter Smithers' advice. The impression she had so far was that the approach should be fairly low key, but she did not want to run the risk of underplaying the offer.

Sir Peter said that he thought that a covering letter from the Prime Minister would give the offer the necessary air of dignity, and that it would be important to show a firmness of decision. He thought that the Baron would be very interested to receive the offer and would immediately want to discuss the contents. One man with whom he felt the Baron would be able to do this was Claud Hankers-Drielsma. The Prime Minister accepted his advice, and suggested that Mr. Hankers-Drielsma should be accompanied by Robin Butler who would be best able to represent the Government. It was agreed that this would be the ideal combination. It was also agreed that the offer should be made as quickly as possible as the Baron would appreciate the secrecy with which it had been put together, and the longer it was left the greater the risk of publicity.

P. A. BEARPARK

19 May 1988

KAYADP

CONFIDENTIAL

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CONFIDENTIAL



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. A088/1546

18 May 1988

Dear Richard,

Thyssen Collection

Claude Hanks Drielsma called on me this morning to discuss the Prince of Wales' lunch with Baron Thyssen on Saturday and to offer his advice on the draft letter to Baron Thyssen covering the Government's proposal for the acquisition of the Thyssen Collection.

Hanks Drielsma said that the lunch had gone very well and had been helpful to the Government's cause. It was clear, however, that the Baroness remained firmly committed to a Spanish home for the Collection, although at one point she appeared to envisage that the Spanish Government would be unwilling to put up the funds.

Hanks Drielsma suggested some minor amendments to the draft letter to Baron Thyssen which I have indicated in manuscript on the attached draft. I think these are helpful and you may wish to incorporate them in the next version of the letter. On the proposal itself, he made the point that paragraph 3(f) should make clear that HMG's contribution of up to £4 million pounds would be on a recurrent annual basis. He said that he thought that the letter itself need not be signed by the Prime Minister but that there might be a case for it being accompanied by a warm note signed by the Prime Minister: this is a point which can be resolved following the Cabinet's discussion tomorrow. He advised that the letter should be delivered to the Baron by low key means - for example via our Embassy (though not the Ambassador) in Berne.

Finally, Hanks Drielsma returned to the question of his role in future negotiations. I said that we would continue to value his advice and would need his support, but that negotiations would have to be conducted by the Government direct with the Trustees and not through an intermediary.

I am copying this letter to Terry Heiser, John Bailey, John Anson, and Nigel Wicks.

Yours ww,

R W L Wilding Esq CB

CONFIDENTIAL

Robin

DRAFT COVERING LETTER TO BARON THYSSEN

you and

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. Her Majesty's Government believes that this would bring great benefits both to the British people and to the many visitors to this country; and would thus at the same time fulfil your own objective of making the collection as widely accessible as possible. 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 ^{you and} 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 ^{that this collection} ~~which originated with~~ might have its permanent home in the United Kingdom ^{and your own} ~~and to which its own proposals relate and it warmly~~ ^{indication that you would welcome a proposal to this end, and it warmly} hopes that you and the Trustees will give ^{these proposals} ~~them~~ favourable consideration.

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

Ref. A088/1538

PRIME MINISTER

Cabinet: The Thyssen-Bornemisza Collection

C(88) 8

The memorandum circulated by the Secretary of State for the Environment and the Minister for the Arts seeks the Cabinet's agreement that a proposal on the lines of the draft letter and attached annexes should be put to Baron Thyssen and the Thyssen Trustees for negotiations leading to an agreement that the Thyssen Collection should be permanently located in this country. The main purpose of the Cabinet discussion is to obtain the Cabinet's agreement that the proposal should be made, and to establish whether the Cabinet have any comments on its specific terms (eg the choice of site).

BACKGROUND

2. The Baron and the Trustees are looking for a permanent site for this outstanding Collection. A number of offers have been made to them by countries including Germany and Spain, and there has been interest from the Getty Foundation in the United States. None of these offers have so far been found satisfactory and the Baron and the Trustees have said that an offer from the United Kingdom would be carefully considered. We believe that some of the Trustees would welcome it (although there are others, principally the Baroness) who would oppose it. This represents a major opportunity to acquire for this country a priceless Collection at a fraction of its value.

3. There are also difficulties. The United Kingdom will have to offer a substantial sum (£120 million compensation to the beneficiaries of the Trust for their surrendering of their

rights to the pictures, the provision of a building of which the construction costs are estimated at £38 million, and £4 million a year for the running costs of the gallery). The offer is bound to become known and will be criticised by those who would wish to see such substantial sums of money spent in other ways. There is no guarantee of success; the Baron has signed a memorandum of understanding agreeing to negotiate a loan of up to ten years and possibly longer with the Spanish Government and there will be at least bruised feelings if the Trustees do not proceed with this. One possibility is that the Trustees could decide to go ahead with a short-term loan to Spain, while deciding that the long-term home of the pictures should be in Britain; and in that case we would need to protect ourselves against the risk that attempts might subsequently be made to stop the pictures coming here.

THE PROPOSAL

4. The approach envisaged is that, if the Cabinet agree, the letter and the attachments to the Cabinet paper should be sent to the Baron and the Trustees in the next few days. There is a meeting of the Foundation in early June and of the Trustees in July, at which a decision in principle is likely to be taken on the scheme to be pursued. If the decision is in favour of the United Kingdom, detailed negotiations would then be undertaken between a team representing the British Government and the Trustess. At the same time, an embryo Foundation would be established in the United Kingdom, and a Director appointed to prepare plans for a gallery on the site agreed by the Baron and the Trustees. Provided the discussions reached a satisfactory conclusion, a short Bill would be presented to Parliament probably some time next year, to establish the foundation and authorise an agreement. The building of the gallery would then proceed (with as large a private contribution as can be secured) and the payment to the Trustees would take place when the pictures are delivered to us.

POINTS TO BE RESOLVED

5. The main point for the Cabinet to resolve is whether it is agreed that a proposal on the lines of the attachments to the Cabinet paper should now be submitted. Other points which you may want to discuss are:

i. whether the Cabinet is content with the form of the financial offer (which envisages that the payment of £120 million to the Trustees should not be made until the pictures come into our possession); and the arrangements for control of the new foundation, (which would provide for a majority of Directors appointed by the British Government, with the Baron as the first Chairman);

ii. whether the British Government should push one site rather than the other - the Docklands site may be more attractive to the Baron, but the Birmingham site would be better from the point of view of inner cities policy;

iii. who should sign the letter (if you do not sign it personally, I suggest that it should be signed jointly by the Minister for the Arts and the Secretary of State for the Environment - not by Mr Ridley on his own); and how the letter should be delivered (Mr Hanks Drielsma and Sir Peter Smithers have suggested a low-key delivery, eg by an official of the Embassy in Switzerland, not the Ambassador himself);

iv. when to make public the fact that the Government has made an offer for the Collection; should the Government pre-empt the story breaking (as inevitably it will) with a low-key announcement or simply prepare a contingent press line for use when necessary?

NEXT STEPS

6. If the Cabinet agrees to the proposal being made, you may want to ask for the Minister of the Arts to set in hand the organisation of a negotiating team to answer any immediate questions from the Baron and the Trustees and subsequently to negotiate an agreement. Such a team might be led by a senior official from the Office of Arts and Libraries and, as well as including representation from other Government Departments, might also include experts with relevant experience from outside Government: OAL are envisaging that Mr Robert Alexander QC might lead the legal negotiations.

HANDLING

7. You will want to ask the Secretary of State for the Environment and then the Minister for the Arts to introduce the paper. The Chancellor of the Exchequer will want to comment on the financial arrangements - the Treasury have in fact agreed (last sentence of paragraph 5 of the Cabinet paper) that any costs within the next three year period should be met from the Reserve, and that subsequent provision should be discussed between the Treasury and the Office of Arts and Libraries in the next PES round. The Foreign and Commonwealth Secretary will want to comment on the international aspects; and the Lord President should be asked to comment on the question of incorporating a short Bill in the next Session. The Attorney General will be attending Cabinet, to advise on legal aspects.

R.B.

ROBIN BUTLER

18 May 1988

Ref. A088/1543

MR WICKS

Thyssen

The Prime Minister may like to see the letter from
--- Robert Alexander QC to Jacob Rothschild, which Mr Rothschild
--- sent me under copy of his letter below.

2. There are some points in Mr Alexander's letter which the
Prime Minister might find it useful to draw on in tomorrow's
Cabinet discussion. I understand that Mr Luce has also had a
copy of Mr Alexander's letter.

3. Mr Rothschild suggested that Mr Alexander might help with
the negotiation with the Thyssen Trustees - without, I hope,
charging for his services! That is a point which I will pursue
with the OAL.

R.R.B.

ROBIN BUTLER

18 May 1988

14 St James's Place London SW1A 1NP
Telephone: 01 493 8111

CABINET OFFICE	
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18 MAY 1988	
FILING INSTRUCTION	
FILE No.	

Private & Confidential

18th May, 1988

Dear Robin,

I am sending you a copy of Robert Alexander's letter,
which I hope you will find helpful.

*Yrs ever.
Jacob*

(Jacob Rothschild)

Enc.

Sir Robin Butler,
Cabinet Office

TELEPHONE: 01-583 0777
TELEX: 890687 18BRICK G
FAX: 01-583 9401 (Group 3)

1, BRICK COURT,
TEMPLE,
LONDON EC4Y 9BY

The Hon. Jacob Rothschild
14 St. James's Place
London
SW1A 1NP

9th May 1988

PERSONAL AND CONFIDENTIAL

Jacob

Thank you for suggesting that I might offer a few thoughts about the possible acquisition of the Thyssen Collection.

I am obviously not expert as to the overall merit of the Collection. But I have seen parts of it in the two exhibitions in London, and it obviously contains a number of extremely fine paintings. My personal view is that the acquisition of the Collection, and the establishment of a Thyssen Gallery to house it, would be a major source of excitement and pride for any country. I appreciate that those responsible for running museums can reasonably feel that in recent years the Government has provided inadequate funding, and that it is illogical against this background of constraints suddenly to find that a very large sum is available to acquire paintings, establish a new gallery and make provision for its maintenance. Some of our own Trustees, the Director and our staff, obviously share this sensitivity. Since we are amongst the more privileged of galleries - both in regard to the exchequer help we have received on private treaty acquisitions or gifts in lieu, and also our attraction for private donors - smaller, more struggling museums will probably feel this even more keenly. If the gallery is located in London, those in the provinces may feel that such a grant favours an already fortunate city in the most prosperous part of the country. The potential for understandable adverse reaction is obviously very much there.

I do not think, however, that in the end this ought to be a discouragement. The paper from Richard Wilding suggests that the Government is willing to make an offer to Baron Thyssen. It is obviously seen as demonstrating a political commitment to the Arts. I do not think that, if such an offer is not made or fails, the consequence would be to release any further money to the Arts over the next few years above that which has already been promised. In other words, I think that the offer should probably be seen as one to make extra funds available on a one-off basis to take advantage of an opportunity which will not recur. Nor do I think that the fact that the Government undertakes a generous maintenance commitment to this Gallery will have a negative effect on the funding made available to other galleries in future years. This is an area in which predictions are obviously not easy, but I would have thought it would be difficult for the Government to maintain a smaller gallery relatively lavishly and yet deprive the National Gallery, and other prominent museums, of an opportunity to maintain their collections and buildings on a broadly comparable basis. I also think that a commitment of this kind by the Government, prominently publicised and widely regarded as a gain for this country, cannot but be a further encouragement to corporate donors to make a greater commitment to the Arts.

I am personally therefore extremely enthusiastic. With regard to the Heads of Agreement, Neil has put together a masterly summary of the problems which have to be considered and the potential difficulties which might arise. But I do think that the short paper called Possible Heads of Agreement is broadly along the right lines. It is obviously necessary to guard as far as possible against the danger of private involvement in the trust giving rise to control being exercised in a way which is unacceptable for a public collection. I do not think we should assume this is likely to happen. The creation of a foundation of this kind can only be on the basis that the donor himself is seeking to make a gesture which will make posterity grateful to him. I believe that there were a good deal of suspicions of the establishment of the National Gallery in Washington by the Mellon family, along the lines that if the Mellons were involved they were bound to be seeking to make money out of it for themselves. Nikko Henderson told me that this was the reason why Congress insisted that entry should be free; there was a concern that, if a charge was made, some profit

would go to the Mellon family! But I do not think that as an approach we should worry too much about the balance of Trustees. If it is thought to be important that the Thyssen nominees should not create a bare majority, then a variant could be proposed which contemplated, say, Baron Thyssen as Chairman, nomination of him by his successor, four other Trustees nominated by Thyssen, four Trustees nominated by the Government, and three Trustees who hold office ex officio from their position in other walks of life. I would have also thought that, given the position of the Thyssen family and enterprises in an increasingly interdependent Europe, that the likelihood of attempts to run the museum for unacceptable private advantage would be relatively slight. I thought the proposed Heads of Agreement showed obvious sensitivity in recognising that the gallery should be named after Thyssen: the old Carnegie/Pullman example still has a basic human application.

There are obviously details in the proposal which are hard to understand. As Neil has pointed out in his comments, the basis of valuation of the pictures (and in particular the valuation by reference to the B and C paintings notwithstanding that the A paintings are being acquired) calls for further explanation. But you may understand this, and perhaps can explain it to me when we meet.

My only basic reservation is as to the position which Thyssen has reached with regard to Spain. I gather that he has agreed to loan the pictures physically to Spain, and that there is some form of informal agreement governing a possible sale. It would clearly be unedifying for us to compete if this agreement were binding in Spanish law. It would possibly also be unattractive if, although not formally binding, all the details had been already ironed out between Spain and Thyssen. If the whole thing has been tied up, but on a basis which was simply subject to formal contract, it might not necessarily be wise to enter into fierce competition. If, however, the basic approach to a potential sale has so far been extremely vague, then it would clearly be justifiable to attempt to put forward detailed proposals which encouraged Thyssen to take the view that the gallery would be best established in this country. I hope this is not straying outside the area in which you wanted my comments: presumably it is a Government decision whether, having regard to relationships with Spain, it is appropriate to compete and no doubt they have given thought to the exact stage which has been reached between Thyssen and the Spanish Government in negotiation.

I will very willingly join you in any way which you think helpful, and would welcome the chance of a talk with Neil and you about this note when you get back from abroad. I should add that I have not seen Peter Palumbo's report, nor the Protocol which I think you said Thyssen had entered into with the Spanish Government.

I am sorry about the length of this letter, which reflects my basic hope that the decision taken by the Government to make an offer for the paintings might succeed. It would have been hard to think a decade ago that this country would have the economic confidence to be thinking in such terms.

Yours ever.

RA

Robert Alexander QC

CONFIDENTIAL



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.

CONFIDENTIAL

File 26
W

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CONFIDENTIAL



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 etc,

Robin

Sir Terence Heiser KCB

CONFIDENTIAL

A The National Archives

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PRIME MINISTER

THYSSEN

I suggest that you take the opportunity next week of meetings with Ministers to tell them of your enthusiasm for acquiring the Thyssen collection.

You could begin this process at the meeting about the legislative programme at 1100 ^{on Monday} with the Lord President and the Home Secretary since the topic is bound to come up at that meeting in view of the possible need for legislation next session.

You are seeing Mr. Baker the next day for a discussion of student support. He might share your enthusiasm and it would be well worth mentioning the topic to him as well.

I do not know whether you would want to talk to any other Ministers during the week. Mr. Channon, as a former Minister for the Arts, ought to be supportive. Are there any other of your colleagues whom you would like to talk to?

N.L.W.

(N. L. WICKS)

13 May 1988

David Gage - John Wakeham.

pub

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

One Minister

Any comments

on the draft below

paper and letter

to the Baron

*One comment only -
on para 1 - which
is not a comment
but a question
and is
drafted.*

Dear Terry

Outstanding

13-5

Office of
Arts and
Libraries

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

13 May 1988

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

CONFIDENTIAL

DRAFT PAPER FOR MINISTERS

*JE Paper from Mr Ridley and
R. 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 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.

*drafting
and figures.*

£38m for B

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.

CONFIDENTIAL

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.

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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.

This goes on Mew's
note to FERB re
Thyssen
dated 11/5



10 DOWNING STREET

✓ 10
12/5

Nigel

Please read with FERB's
comments on your draft
note.

Only one: the last
sentence of the top ~~para~~
para. of p. 3. He thinks
it should read ~~the~~ A
time limit should be
set for a decision by the
Trustees on whether to
proceed with the offer ~~the~~

Terah
12/4

CONFIDENTIAL *file*



10 DOWNING STREET

RESTRICTED DISTRIBUTION REQUIRED

SEE INSTRUCTIONS IN LETTER

CONFIDENTIAL

CONFIDENTIAL



10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

*file 46
cc B1
J. W. Whittington
Meeting Record*

SIR ROBIN BUTLER

THE THYSSEN COLLECTION

The Prime Minister held a meeting this afternoon to discuss your minute of 9 May concerning a proposal to the Thyssen Trustees for the permanent location of the Thyssen collection in this country. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General, the Minister for the Arts, Mr. George Guise (No. 10 Policy Unit) and yourself were present.

Please could you, and copy recipients, ensure that this minute is seen only by named persons and that its circulation is kept to the minimum necessary.

The Prime Minister said that there was an opportunity, which was unlikely to recur, for the country to acquire an extremely valuable collection of pictures for a payment of a fraction of their market value. The case for such an acquisition would have been clearer cut if the negotiating uncertainties and legal difficulties had not been so great and the intentions of the other parties more certain. If the United Kingdom was to have a chance of securing the collection, a speedy response was necessary.

The following points were made in discussion.

1. The political difficulties of the acquisition were magnified by the legal and negotiating uncertainties involved. There would be the worst of all worlds if HMG entered into negotiations and the project did not, for one reason or another, go ahead.
2. Some in the arts and heritage world would support the acquisition of such a fine collection. Others would argue that it was inconsistent for the Government to fund this large purchase when money for the maintenance, repair and expansion of museums, as well as for new purchases, had been denied. Such criticism might be muted by emphasising that Baron Thyssen's contribution of the "A" pictures was itself a most generous private sector contribution. It would be helpful if some private sector finance for the gallery itself could be assembled as well.

46

3. Whatever the legal effect of the Spanish agreement, it seemed that the Baron had given some moral commitment to the Spanish Government over the future of the collection. It was difficult to believe that the Trustees would readily flout the Baron's authority by denying an agreement to which he had put his signature, even though they might not have liked its terms. It was important that HMG should not place itself in the position of an international gazumper or become party to an international bidding competition. In any event, the agreement between Baron Thyssen and the Spanish Government was a considerable complication, though the difficulties would be felt more by the Baron and the Thyssen Trustees than by HMG. The various pressures and conflicting interests within the Baron's family added to the complications, though they need not necessarily work to the UK's disadvantage.

4. If the proposal went ahead, there would have to be complete certainty that the absolute title of the property in the collection passed to a foundation set up in this country. Before concluding negotiations we would need to be assured that the Trustees had the power to transfer to the new foundation the property in the pictures unencumbered. This would require us to be satisfied that the children and beneficiaries of the various trusts agreed to the transfer. The changes of mind of Baron Thyssen, and the substantial use of taxpayers' money, made it essential that Trustees appointed by the Government were in the majority in the foundation so that HMG's nominees effectively controlled the pictures.

5. It was clearly essential that HMG should not part with any cash for the pictures until the foundation had received delivery and were certain as to absolute title. Once negotiations had begun, we had an interest in ensuring that the pictures should be properly safeguarded including their insurance and general care. The commitment of funds to a gallery should be delayed, if at all possible, until there was certainty that the pictures had been acquired; if the pictures did not materialise, there were many comparable works of art in this country which could be exhibited in a new gallery.

6. Legislation, perhaps as early as the next session, would be needed both to establish the foundation and to give Parliamentary sanction to the expenditure of taxpayers' money.

Summing up the discussion, the Prime Minister said that although some Ministers present had doubts about the acquisition, the Secretary of State for the Environment should submit to the Cabinet, on 19 May, a paper seeking authority to open negotiations with the Baron and the Trustees on the broad lines of the approach described in the attachment to your minute. If the Cabinet agreed, a letter should be sent to the Baron, with a copy to the Trustees, informing him of HMG's wish to negotiate regarding the collection. Such a letter should probably be written by the Secretary of State for the Environment. Either the letter,

or its attachments, should make clear the broad terms of the Government's approach. It should point out, in suitable terms, that since substantial sums of taxpayers' money would be involved, the Government would need to be assured that absolute title of the property in the collection would pass to a foundation established in this country, and that the majority of the Trustees would need to be appointed by HMG. It should explain that the Government would need to assure itself that the Trustees had power to transfer property in the pictures unencumbered and that the children and other beneficiaries of the Trust agreed to the transfer. There needed, too, to be arrangements to ensure that the pictures were delivered here into the foundation's ownership before any money was paid. The requirement for legislation should be presented to the Baron as a means of safeguarding the Trustees and his interests as well as those of the British Parliament. There needed to be arrangements, too, about the pictures' insurance in the period before the foundation acquired title and possession. The advice of Bermudan, Spanish and Swiss lawyers would need to be sought on relevant aspects. A time limit should be set for a decision by the Trustees on whether to proceed with the offer.

The approach to the Baron should be tailored in such a way as not to preclude further private sector funding, including endowment funding. There would need to be separate discussions between the Treasury and the OAL about the PES treatment of the additional expenditure, but it was accepted that expenditure was pre-eminently additional, though for the time being it should be left open whether there should be any contribution from elsewhere.

The Prime Minister asked you to prepare a Cabinet paper for the Secretary of State for the Environment reflecting the points above. You should also prepare, in close consultation with the Attorney General and the Treasury Solicitor's Department, the draft of a letter which, subject to the agreement of the Cabinet on the general approach, should be sent to the Baron covering the above points.

There would need to be arrangements for the Attorney, to be closely involved with the detailed negotiations and to see the various legal documents involved, including the texts of the various Thyssen Trusts and of any necessary consents and assurances required.

TEMPORARILY
RETAINED

S. Gray
28/7/2016

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

I am sending copies of this minute to the Private Secretaries of those Ministers present and to George Guise (No. 10 Policy Unit).

N. L. WICKS
11 May 1988

Price Waterhouse and Partners



From The Chairman, Management Committee

11 May 1988



CONFIDENTIAL

Sir Robin Butler, KCB, CVO,
Secretary of The Cabinet and
Head of the Home Civil Service,
Cabinet Office,
70 Whitehall,
LONDON SW1A 2AS

THYSSEN COLLECTION

Having reflected I see the position as follows:-

Our case is an extremely strong one and the moment of presenting our proposal is opportune.

The competition included the Getty, Bonn, Stuttgart, Spain etc. These proposals have been discarded with the exception of the short term solution with Spain.

We were told by the Chairman of the Trustees that they would not accept the present outline in the Spanish letter of intent, "they would have to start with a clean sheet".

Our proposal will be the only long term solution on the table for the Foundation and Trustee Meetings in early June and July. The Trustees can consider our proposal as securing the future of the collection in accordance with the Baron's wishes in meeting his anxiety about the long term future for his collection after his death (The Spanish proposal would not achieve this).

Having spent many hours in discussions with Baron Thyssen I am convinced that he will regard our proposal as exciting and acceptable.

I have got to know the Chairman of the Trustees rather well. He has stated categorically that he believes the British proposal would be the best possible outcome. There is a division among the family on the Spanish option and his view, which has also been expressed to him by members of the family, including Baron Thyssen, is that the British proposal could be the ideal compromise within the family.

Furthermore while the Baroness is clearly in favour of Spain she is not opposed to a British proposal as such.

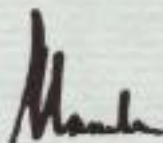
Baron Thyssen's letter to me, dated 8 May, states clearly that he welcomes the British proposal and it will receive his utmost consideration. We know that the Trustees feel the same.

The present favourable situation has been brought about as a result of establishing an intimate relationship between myself, the Baron and the Trustees. It is my opinion, and that of the Trustees, that it is essential to ultimate success that the negotiations should continue by the same method rather than by direct negotiation with Government.

I would appreciate it if this letter could be put to the meeting with the Prime Minister later this afternoon.

A great opportunity will be lost if we do not put forward our proposal.

Yours ~~sincerely~~ ,



Claude Hankes-Drielsma

ARTEFACT

B

SUE BOND
46 GRESWELL STREET
LONDON SW6 6PP
TEL 01-381 1324

NADINE STEINMANN-THOMI
FÄSCHENGASSE 26
CH-4059 BASEL
TEL 061 35 25 23

On April 7th 1988, the Honourable Javier Solana Madariaga, Minister of Culture of the Government of the Kingdom of Spain and the Honourable Baron Hans Heinrich Thyssen-Bornemisza (Baron Thyssen-Bornemisza) met at the Villahermosa Palace, Madrid.

The signatories hereby declare:

- I. The Thyssen-Bornemisza Collection is a collection of paintings acquired by Baron Thyssen-Bornemisza over a number of years, by inheritance or purchase. It represents a lifetime of collecting by Baron Thyssen-Bornemisza and his late father. The Collection is exceptional for its quality, value, diversity and state of conservation.
- II. The "Thyssen-Bornemisza Collection Trust" is the owner of all the paintings in the Collection.
- III. The paintings in the Collection are divided into four different categories: "A", "B+", "B-" and "C". All of the foregoing are in accordance with the lists held by the parties.
- IV. Both parties wish to enter into an agreement whereby category "A" and "B+" paintings which include the most significant paintings of the Collection be loaned to a Spanish Foundation for their maintenance and public exhibition for a period of up to ten years.

As a consequence of the foregoing and in order to establish the basis of their mutual understanding they execute this document in the following terms:

First.- The Spanish Government and Baron Thyssen-Bornemisza will create a new Private Cultural Foundation under Spanish law, domiciled in Madrid, to which the Spanish Government will provide rent-free (for the same parallel term of years as the loan mentioned in clause Three below) the use of the Villahermosa Palace and which will be endowed by the Spanish Government with sufficient capital for the refurbishment of the Palace and to provide all necessary financial resources to ensure the independence of the Foundation and to ensure that it is able to meet all its artistic and curatorial commitments.

ATTO: EILENN OFFORD

The object of the Foundation will be the exhibition and maintenance of the paintings loaned in accordance with the provisions of clause Three below. The Foundation shall preserve the international vocation and character of the Collection encouraging the periodical exhibition of part of its masterpieces outside Spain.

Baron Hans Heinrich Thyssen-Bornemisza shall be the Chairman of the Foundation's Council or Governing Body. He shall be substituted for and succeeded by his wife, the Baroness Carmen Thyssen-Bornemisza.

Second.- The refurbishment of the Villahermosa Palace shall be completed within eighteen (18) months, undertaken by the Foundation in cooperation with the Spanish Government and begin immediately after the establishment of the Foundation and the execution of the Loan Agreement mentioned in clause Three below. The approval of the Spanish Government will be required for both the Architectural Project and the final acceptance of the refurbishment.

Third.- A Loan Agreement for a period of up to ten years shall be executed between the Foundation and the owners of the category "A" and "B+" paintings. The Foundation shall pay to the owners of the paintings as consideration for the loan an annual sum to be determined. Such annual sum will be used, in accordance with terms and conditions to be agreed, for the purchase by the Foundation of paintings of the Collection. The Loan Agreement will be conditional upon the completion and final acceptance of the refurbishment of the Villahermosa Palace.

Fourth.- In Accordance with the provisions of Article 32.1 of the Law on the Historical Patrimony of Spain (Ley del Patrimonio Historico Español), the loaned paintings shall not be declared, by action of the Spanish Government, to be of cultural interest during the ten-year term of the Loan. Therefore, the paintings shall be free to be exhibited abroad if so decided by the competent body of the Foundation.

Fifth.- It is the intention of the Spanish Government and Baron Thyssen that the Gallery in Lugano should continue to have an important role in the activities of the Collection. The existing arrangements between the Foundation established by Baron Thyssen in Barcelona and the town of Barcelona will also be fully respected and it is hoped that the relationship between the two Foundations will be developed to their mutual advantage.

Sixth.- It is contemplated that during the period of the loan, discussions take place to explore the possibility of achieving a longer term solution, either by way of transferrring ownership of some or all of the paintings to the Foundation or extending the loan for a second or further term if the initial lease arrangement works well for all concerned. In the event of such a solution being reached any payments or other compensation paid under the terms of the loan will be taken into account in any future financial arrangements between the parties.

Seventh.- In case of dissolution of the Foundation by the termination of the Loan Agreement or for any other reason, its net worth will revert, upon liquidation of the Foundation, to the Spanish State, and in such event the paintings will be free to leave Spain.

Eighth.- The parties will use their best endeavours to conclude a definitive agreement governing all important aspects of the Foundation Charter, the loan agreement and other relevant matters signed by all bodies affected by these arrangements within three months and also to establish the Spanish Private Cultural Foundation and execute the Loan Agreement of works of art and all related documents within that time.

In witness thereof, the parties sign this document, in duplicate originals, in the Spanish and English versions, both of equal validity, in the place and on the date indicated "ut supra".

The Minister of Culture

Baron Hans Heinrich Thyssen-Bornemisza

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.

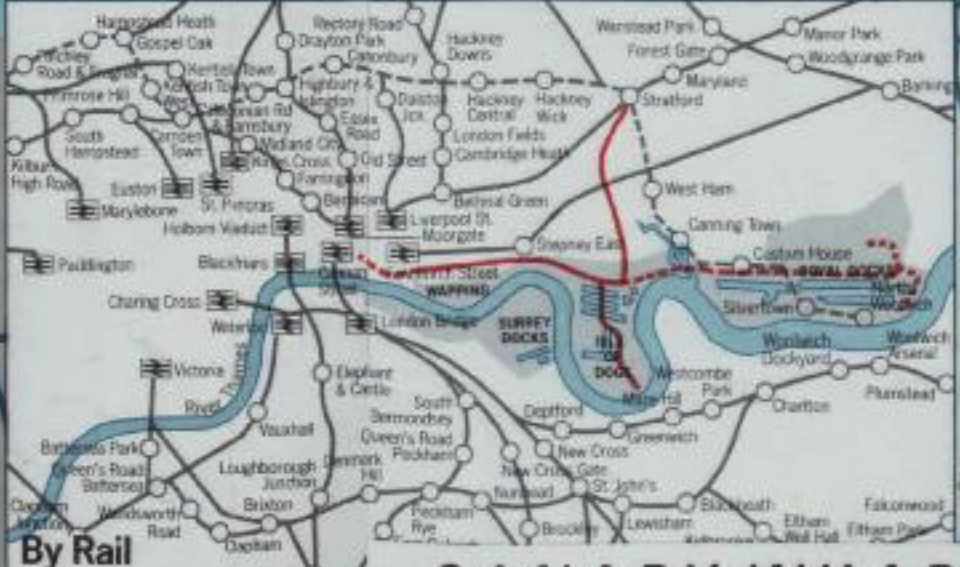
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The construction of a gallery could be timed to coincide with the completion of the development of Canary Wharf in 1992.

LOCAL CONTEXT

- KEY**
- Major roads
 - Proposed major roads
 - Docklands Clipper DLR bus route
 - London Transport Underground stations
 - British Rail stations
 - Docklands Light Railway lines and stations under construction
 - Docklands Light Railway Stage 2 proposals
 - Proposed river services
 - Satellite stations
 - London City Airport



CANARY WHARF, DOCKLANDS

CANARY WHARF, DOCKLANDS



A VIEW OF CANARY WHARF FROM ST. PAULS

COMMUNICATIONS



CANARY WHARF, DOCKLANDS

LOCAL CATCHMENT



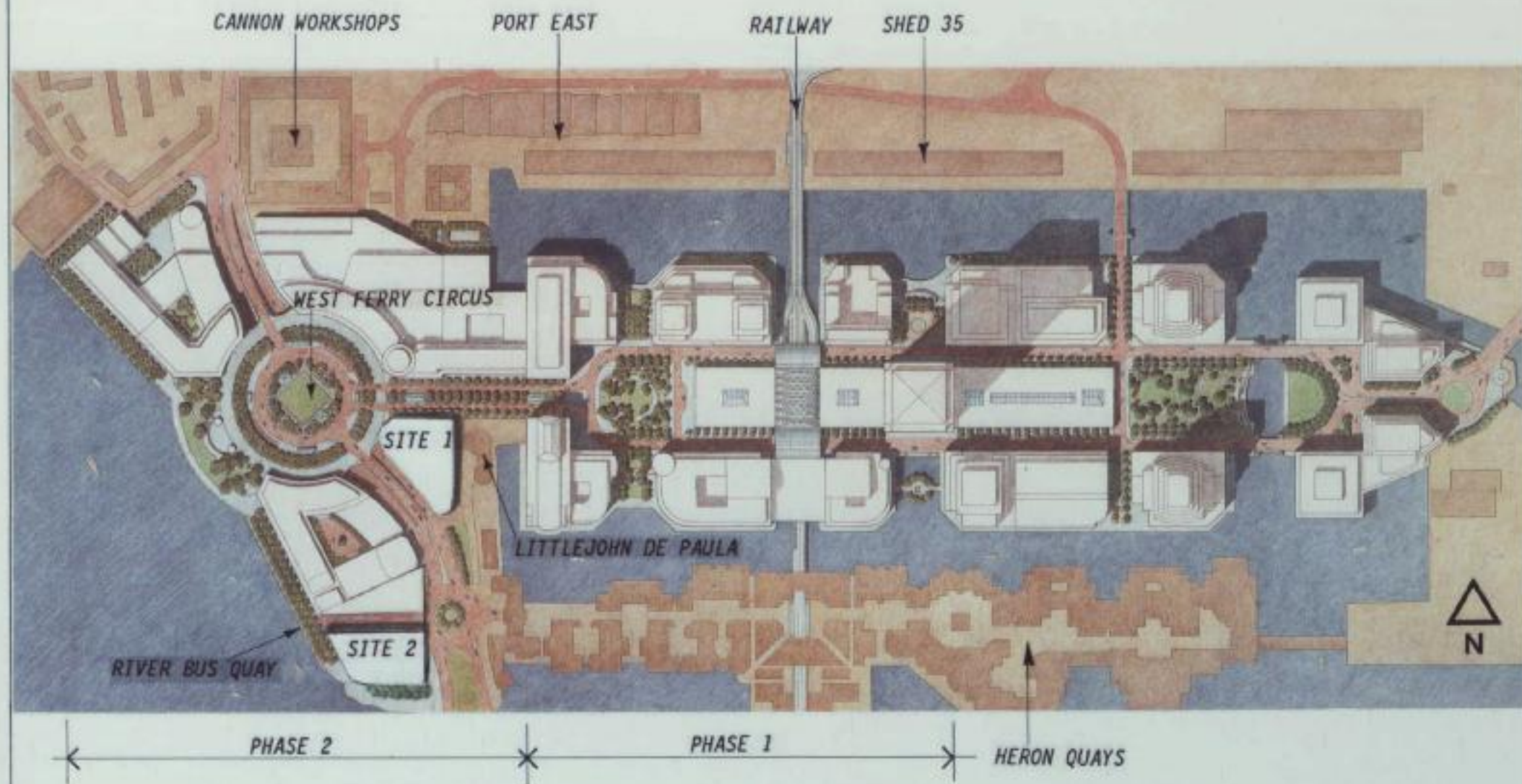
CANARY WHARF, DOCKLANDS

DOCKLANDS IMAGES



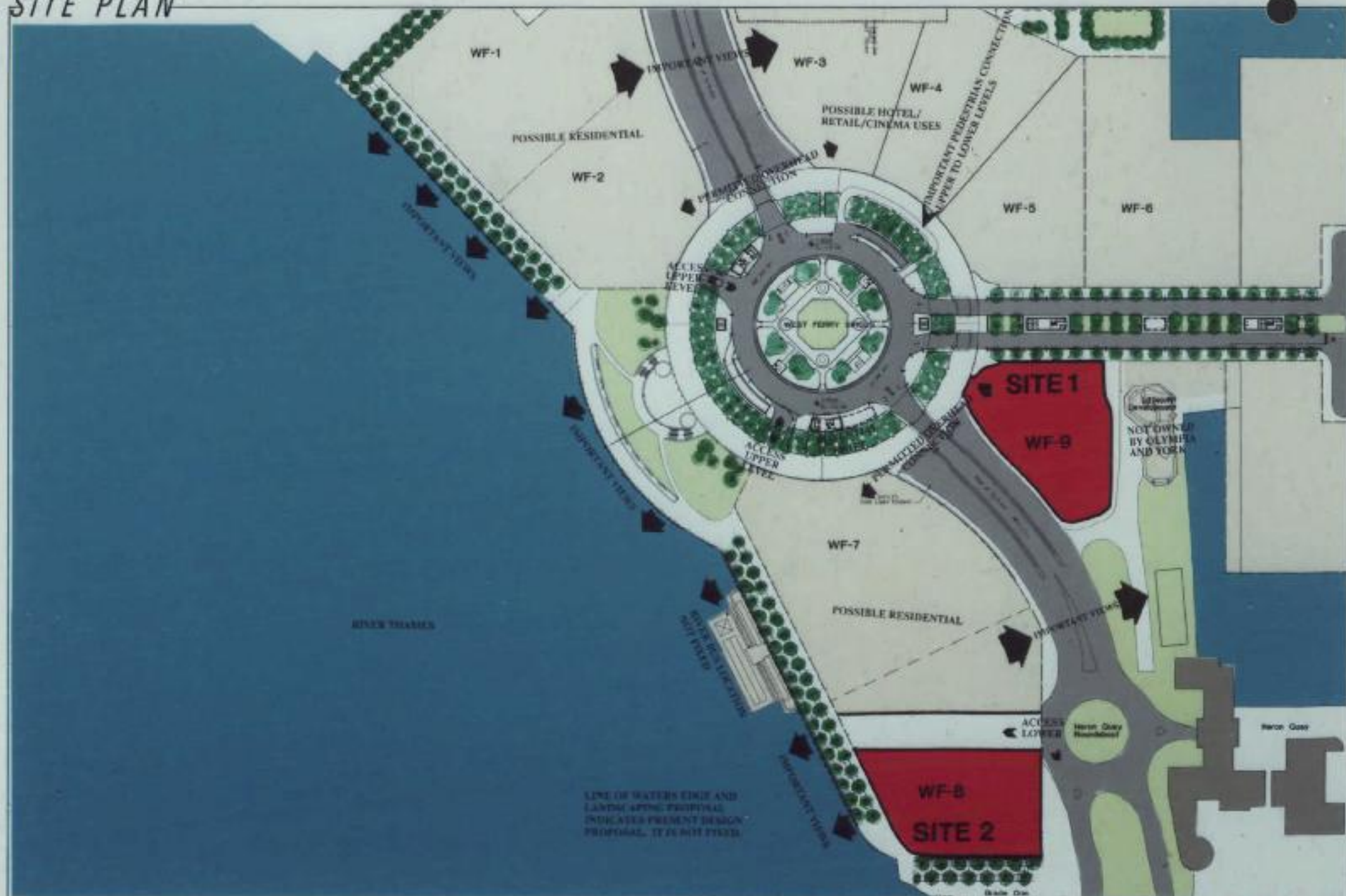
CANARY WHARF, DOCKLANDS

SITE ANALYSIS



CANARY WHARF, DOCKLANDS

SITE PLAN



CANARY WHARF, DOCKLANDS



CANARY WHARF, DOCKLANDS



CANARY WHARF, DOCKLANDS

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.

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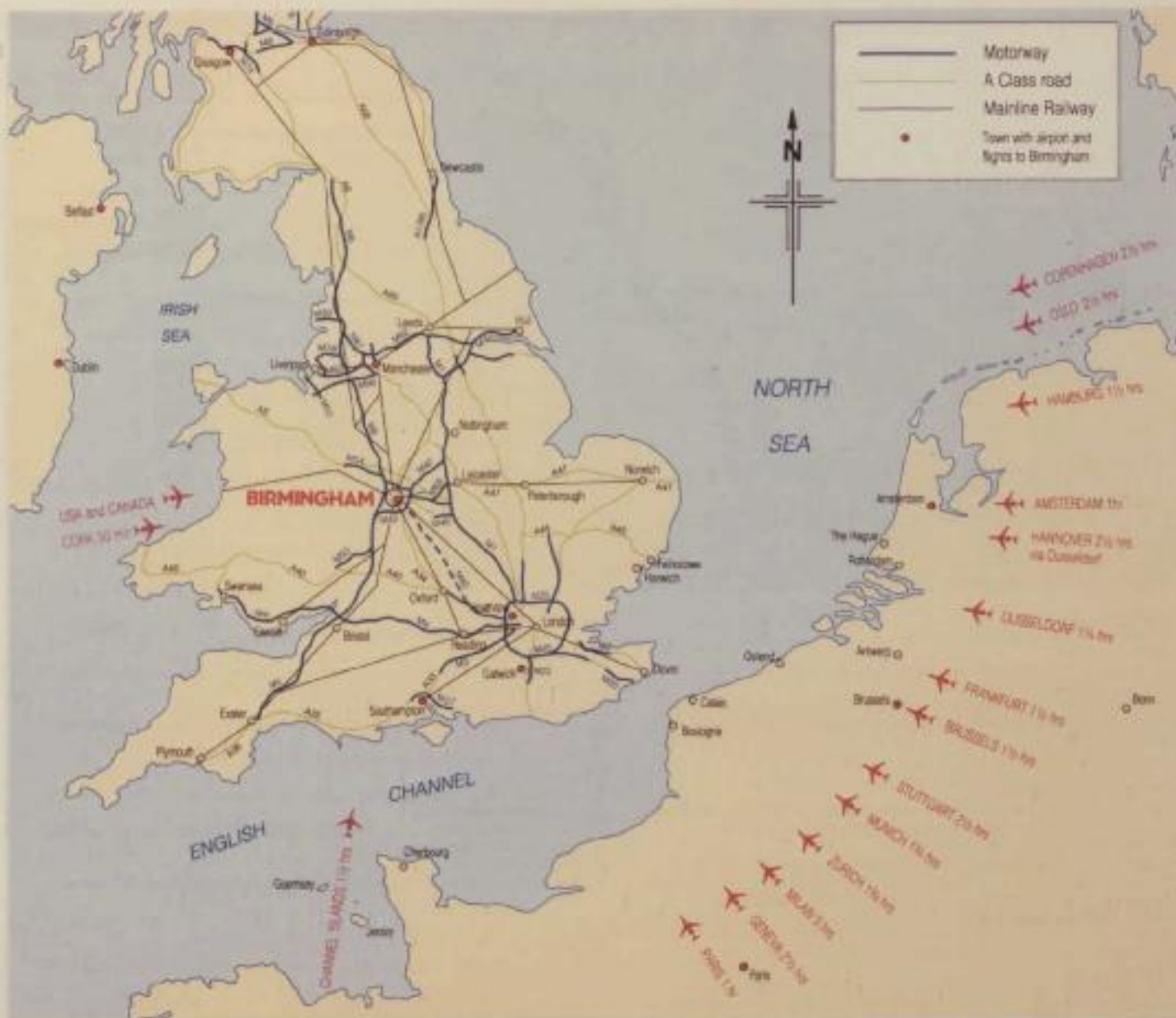
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CENTENARY SQUARE
B I R M I N G H A M

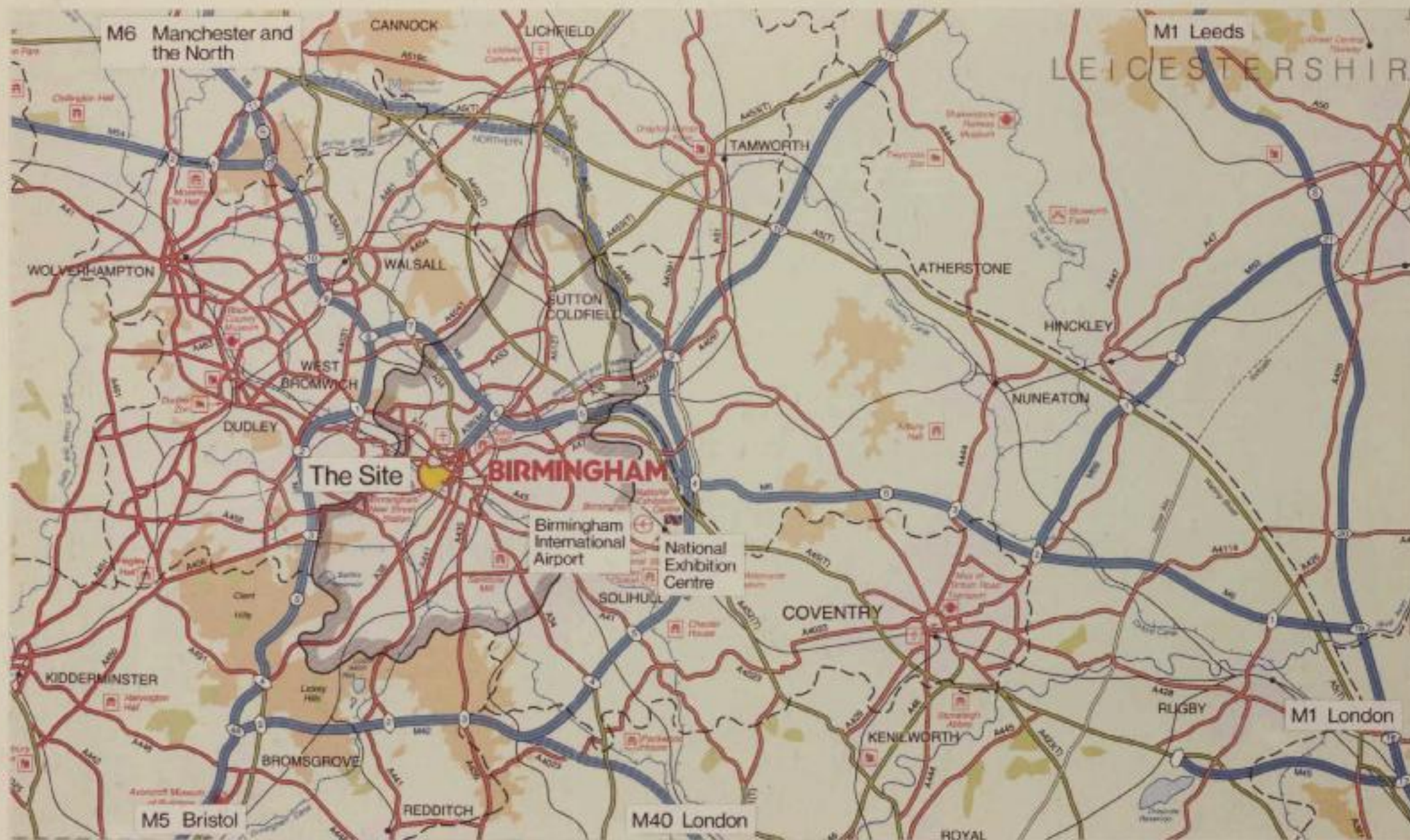


AIR Fly to London Heathrow or Gatwick then take a train to Oxford	RAIL to Birmingham New Street Station	ROAD vehicles average speed 40 mph, via motorway
Gatwick 50 min	London 1 1/2 hrs	London 2 1/4 hrs
		Outskirts 100 mi
Heathrow 40 min	Reading 2 hrs	Heathrow 2 1/2 hrs
		115 mi
Southampton 40 min	Southampton 2 hrs	Southampton 2 1/4 hrs
		130 mi
Gatwick 50 min	Bristol 1 1/4 hrs	Bristol 1 1/4 hrs
		80 mi
Gatwick 50 min	Cardiff 1 1/4 hrs	Cardiff 2 1/4 hrs
		100 mi
Heathrow 50 min	Liverpool 1 1/2 hrs	Liverpool 2 hrs
		95 mi
Manchester 50 min	Manchester 1 1/2 hrs	Manchester 1 1/4 hrs
		80 mi
Edinburgh 50 min	Leeds 2 1/4 hrs	Harwich 3 1/2 hrs
		Falstone 150 mi
Glasgow 50 min	Glasgow 4 1/2 hrs	Glasgow 6 1/2 hrs
		280 mi
Aldershot 2 1/4 hrs	Newcastle 3 1/2 hrs	Dover 5 1/2 hrs
		175 mi



CENTENARY SQUARE
B I R M I N G H A M

REGIONAL LOCATION



CENTENARY SQUARE

B I R M I N G H A M

CATCHMENT AREA

JOURNEY BY ROAD

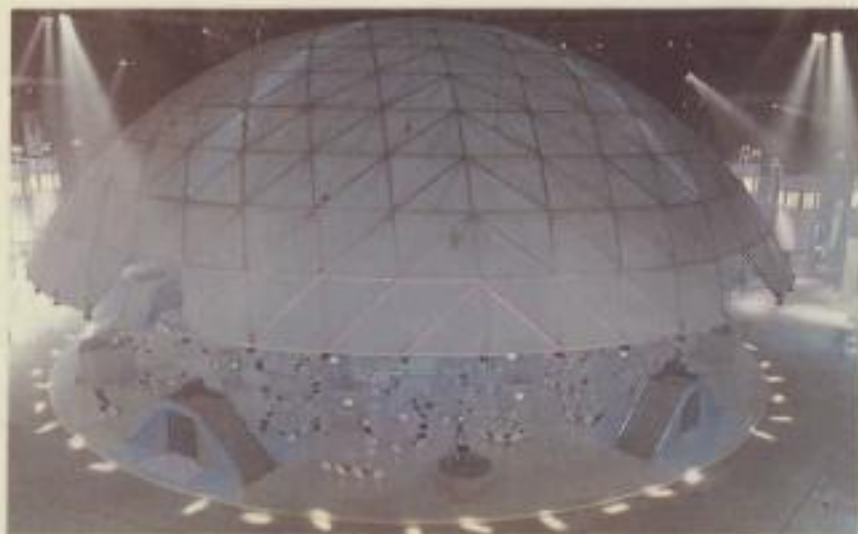


JOURNEY BY RAIL



CENTENARY SQUARE

B I R M I N G H A M



CENTENARY SQUARE
B I R M I N G H A M

SITE PLAN



CENTENARY SQUARE
B I R M I N G H A M

SITE PLAN



CENTENARY SQUARE

B I R M I N G H A M



View A

Aerial view of Centenary
Square showing site location

CENTENARY SQUARE
B I R M I N G H A M



View B

Centenary Square from the Central Library

CENTENARY SQUARE
B I R M I N G H A M



View D

Baskerville House and The Hall of Memory

CENTENARY SQUARE
B I R M I N G H A M



View F

Chamberlain Square from the Central Library

CENTENARY SQUARE

B I R M I N G H A M

cc Bp

THYSSEN - PRESENTATION

I have the gravest misgivings about the "saleability" of the Thyssen collection.

It could be presented as a stunning bargain for Britain. And it would be easier to sell if it were to go to Birmingham - as the regeneration of a regional centre and one of the world's great cities. But it will not, I fear, be seen like that by:

- the arts lobby - each constituent part of which will grumble loud and long about how much better use they could have made of the money
- similarly every other pressure group, and especially the poverty lobby; in this respect the timing could not be worse
- those who will find objection to paying what they see as a vast amount of money to an already loaded German whose family made its money out of armaments

There are so many presentational problems that you will need to give the most careful thought in taking a decision, about how to "sell" it to the British public.

mb

Ing

BERNARD INGHAM

10 May 1988

EXTRACT FROM LETTER FROM NEIL MACGREGOR

There is, however, one central point with which I must open: the response of all those who work in museums. For several years now, the Minister has been obliged to state in public that there is simply not money available for the Government to meet its obligations to maintain the buildings of our major public galleries; to house great university collections like the Courtauld; to increase, through the University Grants Commission, help to institutions like the Fitzwilliam and the Ashmolean; or to provide adequate purchase grants. All such institutions (and they are too numerous to list) have been obliged to seek private support on the basis that the Government is unable to help. Even the most successful are still unable to display their holdings 'at a high standard'.

The reaction of trustees and staff responsible for underfunded museums and galleries to the decision to spend a huge sum of money on a foreign collection (which will not even be fully owned by H.M.G.) may be imagined, and is unlikely to be either favourable or muted. The level of running costs funding proposed for the Thyssen collection must be likely to precipitate vociferous and articulate protest. Perhaps more important, what will be the reaction of those who might have become benefactors? How can it now be credibly represented to them that the Government is unable to meet the costs of collections for the most part given free to the British people? Who will persuade Denis Mahon, Lilian Browse or the Duke of Sutherland — again, to name only a tiny sample — that they would not be better advised to follow the Thyssen example and offer their collections for negotiation around the world? And who will explain to benefactors — again like Denis Mahon — why in this instance the Government intends actually to prohibit sale? These are difficult and perhaps familiar questions, but they are exacerbated in an extreme degree by the present proposal, which in itself raises some questions and many misgivings.

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cc/BUp

PRIME MINISTER

10 May 1988

THE THYSSEN COLLECTION

This is possibly the finest large collection in private hands. If it can be acquired for the nation, it would be an excellent use of the Exchequer surplus. This is an appropriate time to enhance the capital stock of the nation because purchasing positional goods such as Altdorfers and Memlings does not involve consumptive 'expenditure'. It is true investment in commodities which are bound to increase in value because their supply is totally limited against ever increasing demand. On purely commercial hard-nosed arguments this collection should be acquired if at all possible on the terms indicated.

The state of uncertainty about who owns what and who may speak for the different categories of painting reads like a classic European confusion. Add to that Thyssen's contradictory letters, one indicating that the collection is going to Spain, indicates a complicated obstacle course ahead before we actually acquire any pictures. It is even unclear what exactly is meant by 'acquiring' until the concept of ownership under Bermudan trust law is researched! The key matters are location within the UK and the long term right to exhibit. Who is Chairman of the Trust, what powers the family will retain, who looks after the B- and C pictures are all subsidiary to the key goal of achieving 'possession' of the A and B+ pictures and their permanent residence in the UK.

It is clearly essential to act fast. It may be enough to offer Thyssen an outline proposal indicating HMG's firm commitment to an investment up to £200m provided that all the A and the majority of B paintings are resident here with regular public access. A further commitment would be that the collection would be kept together in one place within reasonable access of the capital.

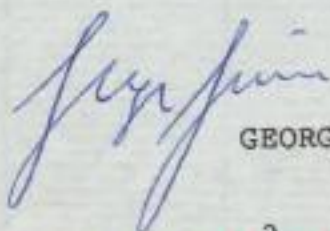
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Details about the composition of the new Trust, the position of the chairmanship after Thyssen, as well as the exact location could be left for later settlement. Internal Government issues, such as whether the arts budget is insulated from this investment and whether private financing would play a major role in future running costs, could certainly be handled later. If all the nitty-gritty has to be ironed out first, we risk real danger that this deal will go away. People like Thyssen are flighty and impatient and both his contradictory letters mention how time-consuming everything is.

Recommendations


1. We are looking straight into the mouth of a gift-horse which may not stay around. Act fast.
2. The approximately £200m costs should not be thought of as expenditure but as excellent investment which the nation can well afford. For this sum we will acquire de facto possession of over £600m of assets which can only appreciate.
3. Thyssen now needs to be shown that Government is enthusiastic and willing to conclude a deal which will ensure the long term British residence of the A and the majority of the B pictures for which it has funding available.
4. All remaining details, including Trust control arrangements, the location of the collection and internal expenditure allocation within Whitehall to be resolved over the coming months. On the former two issues, Thyssen will need regular consultation. On the latter, heads will need to be banged together.



GEORGE GUISE

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A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i>	Date and sign
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Extract details: <i>the Thyssen-Bornemisza Collection: Past, Present and Future undated, but between 9 and 10 May 1988</i>	
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Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.
This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.



Department of the Environment
Room
2 Marsham Street London SW1P 3EB
Telex 22221 Direct line 01-212
Switchboard 01-212 3434
GTN 212

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*For back up
files*

Sir Robin Butler KCB CVO
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

9 May 1988

Dear Robin,

THE THYSSEN COLLECTION

Enclosed are 12 copies of papers describing the three possible sites for this gallery which form Annex B to the draft proposal. The text has been revised following our discussion on 5 May.

Copies go to Nigel Wicks (No.10) John Anson, Hayden Phillips and Tim Burr (Treasury) Richard Wilding and Rodney Stone (OAL) Catherine Pestell (FCO) John Collins and Penny Dayer (Treasury Solicitor).

Yours sincerely

Bryan

BRYAN JEFFERSON

CONFIDENTIAL

Prime Minister cc/gk

\$3-8 summarize

today's developments and
the latest letter from
the Baron is at Flag B.

Ref. A088/1431

PRIME MINISTER

N.L.U.

9.5

The Thyssen Collection

You asked me to put together with officials from Departments concerned a proposal to the Thyssen Trustees for the permanent location of the Thyssen Collection in this country. A meeting has been arranged under your chairmanship on Wednesday 11 May to consider this.

Should the British Government submit a proposal to the Trustees?

2. In the last few days, we have received two conflicting letters signed by Baron Thyssen. These have been circulated to Ministers. In the light of these contradictory indications, the Secretary of State for the Environment and I called on Mr Coleridge, an Executive Trustee and Baron Thyssen's personal legal adviser, today.

3. Mr Coleridge explained that the pictures were vested in a Trust under Bermudan law to protect them from Swiss inheritance tax. The 'A' pictures were irrevocably made over to the Trust, but there is a right of reversion for some of the 'B' and 'C' pictures. In making any decision, Mr Coleridge made clear that the Trustees (5 lawyers plus three 'protectors' to look after the interests of the wife and children) had the right of decision but would want to take full account of the views of the Baron. The beneficiaries of the Trust (the wife and children) would also have to agree to any long term solution.

Mr Coleridge said that the Trustees had discretionary powers but would want to proceed by agreement with the Baron and the other interests concerned and had so far succeeded in doing so.

FERB.
well give
oral
briefing
as well as
handy memo

Flags A
+ B

4. On the agreement signed by the Baron with the Spanish Government, Mr Coleridge said that he would not want to diminish the importance of this. It was not a document on which a lawyer would probably advise anyone to sue, but in reality the extent to which it could be unravelled was an important factor. But the difficulty which had been encountered in reaching the present stage with the Spanish might well cause the Trustees to think that a long term solution would not be found with the Spanish.

5. Mr Coleridge said that there would be a meeting of the Thyssen Foundation (which advises on the care of the pictures and would have an important influence on the Trust) in early June. There would be a meeting of the Trust in early July. If the British Government submitted a proposal, the Trust would be likely then to take a decision in principle and, if this decision was in favour of the British proposal, they would be likely then to try to unravel the agreement reached with the Spanish Government, since the Trustees were likely to recognise that they could not proceed with two parties at once.

6. Despite the difficulties and contradictions so far, Mr Coleridge said that he personally hoped that the British Government would put in a proposal and thought that it would have a chance of success. The Baron and his family (including his present wife) were all Anglophile, and the Baron had said in the past that a British location would be a reasonable compromise. Mr Coleridge also said that the Trustees would want to treat a proposal from us in confidence.

7. The first decision for Ministers, therefore, is whether they wish, against this background, to submit a proposal. If they do so, it must be assumed that it will become known at some stage, not least because those supporting the Spanish Government's bid may wish to make it known. There are clearly obstacles in the way of a British offer being accepted, but at

the same time much goodwill towards Britain and, if an offer from the British Government made a favourable impression on the Foundation and the Trustees, there is a fair chance that the Baron would be persuaded by them. However, disentangling from the Spanish would clearly be a messy business, and the Trustees might feel obliged to go ahead with loaning the pictures to the Spanish for a time, in accordance with the agreement, while a gallery was being created in Britain; and difficulties about obtaining possession could arise at a later stage.

The Proposals for an Agreement

8. The attached draft proposal and its two Annexes provide for the A and B pictures, and such other pictures as may be mutually agreed, to be made over to a new UK Foundation. In compensation for the rights which they would surrender in the pictures, the British Government would pay up to £120 million to the Trustees. The proposal also provides that the British Government should ensure the provision of a gallery, which we estimate would cost £38 million excluding site costs, and that we would provide a recurrent grant of up to £4 million for running costs and maintenance.

9. Ministers should recognise that a consequence of this is that the sum of £120 million is unrelated to the value of particular pictures or to the value of any rights which the beneficiaries of the Trust are surrendering. This is the approach recommended by Mr Coleridge. It would be defended on the basis that the sum is clearly exceeded by the value of the pictures being made over to the new Foundation.

10. The proposal provides for 5 Trustees to be appointed by Thyssen interests in addition to the Baron for as long as he wished to be Chairman, and 7 by the British Government. These proposals might well be unacceptable to the Baron who might wish the Thyssen interest to retain control, at least for as long as

he is alive. Mr Coleridge told us that other Governments' proposals have allowed for this. If Ministers wished to concede this point, the terms of operation of the Foundation would need to be more strictly defined at the outset; but the agreement might then provide for 5 Trustees to be appointed by each side, with the Baron having the casting vote during his Chairmanship, and that when he withdrew the Chairman and an additional Trustees should be subsequently appointed by the British Government to give us a majority of 2.

11. The proposals envisage that there would be negotiation leading to an agreement on these lines. If such an agreement can be reached with the Thyssen Trustees the first step thereafter should be to set up the body in which the pictures will be vested. The body could then appoint a director and supervise the provision of a building within the cost limit imposed by the Government, including any private finance raised towards it. A short Bill will be needed to set up the body and provide for its financing.

Sites

12. Annex B to the draft agreement offers two sites, reflecting the preliminary discussion with Baron Thyssen - Canary Wharf, and Centenary Square, Birmingham. The developer of Canary Wharf would make the site available free of charge and has indicated that he might be prepared to contribute to the cost of the gallery. Birmingham City Council is also prepared to donate a site.

13. Ministers will want to consider to what extent they want to exert an influence on the choice of sites. Giving the Baron a free hand may increase the chance that our offer will be acceptable and gives the Government some protection against complaints from locations not chosen. On the other hand, the location of the exhibition could, for example, contribute to the

Government's inner city policies and help to rebut criticisms from the Arts world and others that the scheme was just another example of favouring the South East.

Finance

14. It is obviously desirable that as much private finance should be attracted as possible. However, once the Government has committed itself to the acquisition of the collection and the site has been chosen, it will be difficult to attract further private finance. The approach taken in the proposal, therefore, is to set a limit on the British Government's contribution of £120 million for the pictures, and £4 million a year (which would no doubt need to be subsequently increased for inflation) for the contribution to running costs of the gallery. If private finance could be obtained to finance part of this, these sums could be reduced; or, of course, private finance could supplement them. The construction costs of the gallery are estimated at £38 million and this again could be put as the upper limit of the Government's contribution, though this figure could be reduced (if, for example, those interested in developing Canary Wharf or the Birmingham site can be persuaded to make a contribution to the construction costs as well as providing the site).

15. The timing of the payment to the Trust will need further consideration and will form part of the negotiations with the Trust. Given the possibility that the Spanish or Swiss Governments might seek to obstruct the passing of the pictures into our possession, either payment should not be made until the pictures arrive here or we will need some other form of protection against non-delivery. In any event, it looks unlikely that the £120 million would fall to be paid this financial year.

16. Ministers also need to consider provision in the public expenditure plans. The Minister for the Arts has indicated that he could only support the proposal if these funds are provided as an addition to existing provision for the Arts.

Legislation

17. The Treasury advise that legislation is needed to authorise the transaction and to cover the continuing costs of the exhibition. There would also be advantage in defining by legislation the constitution, powers and accountability of the new body. A short Bill may therefore need to be introduced next Session if agreement is reached with the Trustees.

Timetable and Handling

18. Baron Thyssen is hoping to receive a proposal from the British Government in the next two weeks.

19.

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OF THE PUBLIC RECORDS ACT

20. When the proposal is delivered it is most likely to be effective if it is delivered personally to Baron Thyssen by the Prime Minister. Mr Hanks-Drielsma has suggested that Baron

Thyssen would probably be willing to accept an invitation to come to London for this purpose. An alternative would be to send the proposal under a personal letter from the Prime Minister.

Presentation

21. Although the acquisition of the collection would be a coup, the commitment of up to £200 million for this purpose is bound to be criticised both by the rest of the arts world who have been pressing for funds to maintain adequately their existing collections but also by other pressure groups (eg those who have suffered from the recent changes in social security). The Director of the National Gallery, Mr Neil MacGregor, has already written, contrasting the Government's readiness to make these funds available, with its alleged neglect of existing public collections.

*Extract
from his
letter
at Flag C*

22. So far discussions with Baron Thyssen have attracted hardly any notice but, once a formal proposal is submitted, it is virtually certain that news of it will leak, if only because those who oppose it will want to alert the Spanish Government and perhaps campaign more widely. At that point, it will be necessary for the Government to confirm that discussions are taking place with Baron Thyssen and the Trustees and emphasise the uniqueness of the opportunity of acquiring this collection. Beyond that, it may be best to say as little as possible about the details during the negotiations. Those responsible for the sites under consideration would also need to be persuaded to withhold comment.

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23.

TEMPORARILY RETAINED J. Gray 28/7/2006

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Summary

24. Ministers are invited:

- a. To decide whether to submit a proposal to the Thyssen Trustees for the acquisition of the pictures for a new Foundation in this country (paragraphs 2-7)
- b. To consider the outline of the proposals to be put to the Trustees in the attachment, particularly whether the form of the financial offer is satisfactory (paragraphs 8-9) and the control of the new Foundation (paragraph 10)
- c. To consider whether they wish to express a preference to the Baron between the two sites in our proposal (paragraph 13).
- d. To consider whether the costs should be additional to existing provision for the arts (paragraph 16).
- e. To note that, if agreement is reached with the Trustees, a short Bill will be needed in the 1988-89 Session (paragraph 17).
- f. To consider the points of timing, handling and presentation (paragraphs 18-22).

g.

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25. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

R.E.R.B

ROBIN BUTLER

9 May 1988

CONFIDENTIAL

THE THYSSEN COLLECTION

Her Majesty's Government is interested in negotiating arrangements under which the Thyssen 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 arrangements 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.

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 Foundation;
- iii. appropriate arrangements would be made for the vesting of the pictures in the Foundation and for their physical delivery to the Trustees in the UK; and for the timing of payments by HMG under paragraph 3(c) above;
- iv. prior to the taking of decisions on acquisition by the 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 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.

ANNEX A

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 an appropriate 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.

H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWIZ)
VOLUME - FACHSIEBEL - 112 - 112 21

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6 MAY 1988	
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FILE No.	

May 2nd, 1988. HTB/as

The Rt. Hon. Nicholas Ridley, M.P.,
House of Commons,

GB - London, S.W.1.

Dear Mr. Ridley,

thank you so much for your letter dated April 20, 1988.
I enjoyed your and your wife's visit very much.

I studied carefully the material concerning the various possibilities of sites, but I must admit that if everything works out well, I am most attracted by the proposal of the Spanish Government. Especially because re-studying the whole question will be much more time-consuming. I am very sorry that the English interest started relatively late and I do not think that I cannot give a contribution to a country which is so much blessed with treasures of old and modern times. But, as one says, it is always worth to try.

Thanking you for your efforts may I also wish you luck for all your valuable future projects.

Sincerely yours,



H.H. Thyssen-Bornemisza

COPY

13



DAYLESFORD HOUSE

Dear Claude, 8th of May 81

When I wrote to the Minister
I was under the impression
that was no firm proposal
as yet and that given the time
that these sort of complicated
proposals have taken in the
past I thought it would be
best to discontinue. As I
understand it from you now

a firm British proposal
is ready and would be
submitted within the next
couple of weeks of which I
am of course delighted.
I will give it my utmost
consideration without being
committed any way at this time
as you know that the ultimate
decision for either a short or
long term solution for the
collection or part of it lies
with the Trustees. I am
grateful that you let me know
this and looking forward
hearing from you, best regards

Henry Jones. Bromwich

FACSIMILE



*With the Compliments of the
Parliamentary Clerk*

URGENT ☒BY HAND ☐

TO:

ANDY BEARPARK

FROM:

DEBORAH LAMB
_____APS/SECRETARY OF STATE

_____TEL: 212 3001

*Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 3711*

3

PAGES TO FOLLOW

COPY

B



DAYLESFORD HOUSE

9th of May 88
Dear Claude,

When I wrote to the Ministers
I was under the impression
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Henry Jones. Barrenville

FACSIMILE

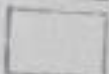


*With the Compliments of the
Parliamentary Clerk*

URGENT



BY HAND



TO:

ANDY BEARPARK

FROM:

DEBORAH LAMB

APS/SECRETARY OF STATE

TEL: 212 3001

*Department of the Environment
2 Marsham Street London, SW1P 3EB
Telephone 01-212 2711*

21

PAGES TO FOLLOW



2 MARSHAM STREET
LONDON SW1P 3ER
01-212 3434
My ref:

Your ref:

NLW.

To see

9 May 1988

Dear Trevor,

POB
9/5

I attach a copy
of a letter which Baron
Thyssen has written to
Claude Blanckes-Drielsma which
seems to put us back at
square 1 & re-open the whole
question.

I am copying this
to Eleanor Goodison in Richard
Luce's office, Andy Bearpark at
No. 10, Moira Wallace in the
Chancellor's office and Lyn Parker
in Sir Geoffrey Howe's office.

Yours sincerely,
Deborah Lamb.



2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

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Yours sincerely,
Deborah Lamb



File DS2A49
bc: NLW
PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

The Prime Minister discussed on the telephone this morning with Sir Peter Smithers in Switzerland the point reached in the negotiations over the Thyssen Collection.

The Prime Minister said that we had made a major effort to secure the Thyssen Collection for the United Kingdom. But on Friday evening we received a letter from Baron Thyssen saying that he had decided to accept the proposals made by the Spanish Government. That seemed to us to be the end of the matter.

Sir Peter Smithers said this was a complete misunderstanding of the situation. The decision on where the Collection should go would not be taken by Baron Thyssen but by the Trustees of the Collection. The important thing was to get our offer before them. He had reason to believe that the Trustees would strongly favour our offer and accept it. Baron Thyssen's letter did not do anything to alter the situation: all it represented was a last desperate effort by Baroness Thyssen to scare us off from making an offer so that the Spanish arrangement, which she favoured, would go through. Mr Ridley's recent letter to the Baron had provided her with an opening. We should not be taken in by it. The last thing we should do would be to give up at this point.

The Prime Minister said that Sir Peter's account was hard to reconcile with the Baron's letter which was very decisive in tone and with the copy of the agreement reached with the Spanish Government which we had now seen. If that agreement was not to be honoured, it was hard to have confidence in any agreement reached on this subject. Sir Peter said that again this was a mistaken view. The agreement with the Spanish authorities had no validity since only the Trustees had the power to reach an agreement. He urged the Prime Minister to understand that the Baron's letter was simply a bluff to deter us from making an offer and had been written under pressure from the Baroness. The British offer was so much better that he was sure the Trustees would have no alternative but to accept it.

The Prime Minister said that there were wider considerations. Our offer would be politically controversial in the United Kingdom, and much more so if it involved us in a row between Baron Thyssen, the Trustees and the Spanish Government. She was not prepared to make an offer which became public and was then turned down by the Trustees. There was also the matter of the Royal visit to Spain in September to consider. Moreover, our advice hitherto had been to negotiate with Baron Thyssen. Now she was being told that the only people with whom it was worth negotiating were the Trustees.

Sir Peter Smithers said that the reality was in no way changed by the Baron's letter. The Government should simply proceed with its offer which should be copied to the Trustees. He simply could not conceive of any way in which we could now lose the competition for the Collection. The Prime Minister said that, while she could understand that the Baron could not act without the consent of the Trustees, she equally found it difficult to believe that the Trustees would act in defiance of the Baron and without his consent. Sir Peter said - but rather hesitantly - that the Trustees could so act. He again urged the Prime Minister not to give up but to have a further meeting with Mr Hanks Drielsma who was the only person who fully understood all the ins and outs of the matter.

The Prime Minister said that you had seen Mr Hanks Drielsma on Friday. He had then appeared to accept that the Baron's letter more or less ruled out any chance of the British offer being accepted. Sir Peter said that that was not at all Mr Hanks Drielsma's view as he would explain if the Prime Minister were to see him. The Prime Minister said that she did not entirely understand Mr Hanks Drielsma's role in all this. Who did he represent? Should we not deal direct with the Trustees? Sir Peter did not give a direct answer but cautioned against trying to deal with the Trustees since it might place them in an awkward position. The Prime Minister said that she would arrange for you to see Mr Hanks Drielsma again on Monday 9 May. But at that meeting we would need to establish a number of points clearly: that the Trustees had an absolute right to determine where the Collection went; that the Trustees would be prepared to entertain an offer even in the knowledge that the Baron was opposed to it; that the Trustees would not feel morally bound by the agreement reached between the Baron and the Spanish Government. Indeed, she was inclined to think that the best course would be for the Trustees to invite the Government to make an offer. She continued to find it hard to believe that the Trustees would act in defiance of the Baron even if, as Sir Peter Smithers claimed, other members of the family would support them. By agreeing to a further meeting between you and Mr Hanks Drielsma she was not making any commitment to press ahead with the British offer, but simply to try to clarify the situation further.

When we subsequently spoke, you agreed that you would see Mr Hanks Drielsma tomorrow morning.

CONFIDENTIAL

- 3 -

I am sending copies of this minute to the Private Secretaries to the Secretary of State for the Environment and to the Minister for the Arts.

C. D. POWELL
8 May 1988

CONFIDENTIAL

Sunday 8th May

I have had a long talk with
Sir Peter Smalman who points out

① that the Trustees are owners of
the pictures and

② the Trustees make the decision
and they are not in favour
of the pictures going to Spain
and

③ ∴ the proposed agreement is
only a "best endeavours" as the
Government has not the power to make

the agreement.

Queneri to which we have
no reply so far

- ① then why were we advised to put
these matters to Thyssen briefly
and negotiate with him
- ② Surely the terms of the Trust would
repeal the Baron's contract during
his lifetime.

It also occurs to me that the Spanish
document is only a 'loan Agreement' and
may therefore have some validity.

Can we see Harkes Drielsma urgently
to find out the true position.

Ref. A088/1423

NOTE FOR RECORD

cc: Mr Anson, Treasury
Mr Wilding, OAL
Mr Jefferson, DoE
Mr Wicks, No 10

Thyssen Collection

Mr Hanks-Drielsma called on Sir Robin Butler this morning to discuss the negotiations over the Thyssen Collection in the light of the Prime Minister's discussion on the telephone with Sir Peter Smithers over the weekend.

2. Sir Robin Butler said that recent developments had caused uncertainty as to whom the British Government should be negotiating with over the Thyssen Collection and who was responsible for its disposal.

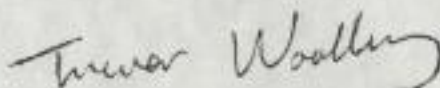
3. Mr Hanks-Drielsma said that while the Government should deal with Baron Thyssen, decisions over the future of the 'A' pictures lay with the Trustees: the 'A' pictures were vested in the Trust. (He expressed some uncertainty as to where ownership of the 'B' and 'C' pictures lay.) He was sure that the Trustees would welcome a proposal to acquire the collection from HMG, although they would not be willing to invite such a proposal. He was arranging for the Secretary of State for the Environment to meet Mr Coleridge, the Baron's lawyer, that afternoon which should permit this interpretation of the position to be confirmed. Mr Hanks-Drielsma continued that the 'agreement' between Baron Thyssen and the Spanish Government should be regarded as no more than a letter of intent: it did not commit the Baron or the Trust in any legal sense.

4. Mr Hanks-Drielsma turned to the question of the formulation of the proposal which he believed the British Government should put to the Baron. He said that it would be wrong to conceive the payment which would be made by the Government as being in respect of the purchase of the 'B' pictures; rather, it should be regarded as compensation to the Trust and its beneficiaries for the gift to the Government of the 'A' and 'B' pictures. It would be right to offer the Baron a choice of locations for the gallery in which the pictures might be displayed, but it was unfortunate that an offer had already been made of a site which had subsequently turned out to be unavailable.

5. Finally, Mr Hanks-Drielsma said that he should clarify his own position. He was not acting on behalf of the Baron. Rather, he regarded himself as an intermediary between the British Government and the Baron.

6. Concluding the discussion, Sir Robin Butler said that recent developments had created the worst possible impression on the British Government. Substantial political, financial and even diplomatic issues were involved in the potential acquisition of the Thyssen Collection and even at this stage there seemed to be uncertainty as to the ownership of the paintings and the point of contact for the British Government. Ministers would need to consider the present situation very carefully and things might become clearer as a result of Mr Ridley's proposed meeting with Mr Coleridge in the afternoon. While it was helpful to have Mr Hanks-Drielsma's advice on, for example, the best way of approaching the Baron, he must be clear that there was no question of the Government negotiating through an intermediary - the Government must deal direct with whoever was competent to make decisions over the future of the collection.

7. I should add that I subsequently discussed this interview with Mr Wilding. Mr Wilding challenged Mr Hanks-Drielsma's assertion that decisions over the Thyssen Collection lay wholly in the hands of the Trust. He said that his understanding was that the Thyssen family had rights of reversion - at least over the 'B' and 'C' pictures. It seemed unlikely that decisions over the future of the collection could be made without the acquiescence of the Baron or at least of the Thyssen family. He also questioned Mr Hanks-Drielsma's advice that the proposal should be framed in terms of the Government paying 'compensation' to the Trust and its beneficiaries. While this had been the line consistently pressed by Mr Hanks-Drielsma, the advice of Mr Coleridge had been that payment would relate to the purchase of those 'B' and 'C' pictures which would be passed to the UK.



T A WOOLLEY

(PS/Sir Robin Butler)

9 May 1988



H M Treasury
Parliament Street London SW1P 3AG

Switchboard 01-270 3000
Direct Dialling 01-270 4819

T Woolley Esq
Cabinet Office
Whitehall
London SW1 OAA

6 May 1988

Dear Trevor,

THYSSEN COLLECTION

At Sir Robin Butler's meeting yesterday, I was asked to prepare, in consultation with TSol, a section on legislation for inclusion in Sir Robin's draft minute to the Prime Minister. This I now attach: it has been agreed with Mrs Dayer, and Mr Anson has approved it.

2. I was also asked to check whether the Duchy of Cornwall had the powers to contribute to the cost of acquiring the Collection. Our view, which again has been agreed with TSol, is that the Duchy does not have the powers to give money for the general benefit of the nation in this way. Under the Duchy of Cornwall Management Act 1863, sales and dispositions of Duchy property and revenue have to be made under powers conferred by statute; and we can identify no powers which would be relevant for this purpose. Duchy funds could only be used for the acquisition of pictures if the Duchy acquired title to them. That requirement would not be adequately met by, for example, giving the Duchy the right to nominate trustees of the body which owned the pictures. We have therefore concluded that there is no point in pursuing the idea of a Duchy contribution, and will be so advising the Chancellor.

3. I am copying this letter to Nigel Wicks, Richard Wilding, and Penny Dayer, and to John Anson here.

Yours sincerely

Tim Burr

T J Burr

CONFIDENTIAL

980/19

Legislation

Under the 1932 Concordat between the Treasury and the Public Accounts Committee, it was agreed that express Parliamentary authority would normally be sought in main legislation for any continuing services financed from voted monies. This would clearly apply to the continuing expenditure on the recurrent costs of the Gallery. But the purchase of the pictures would effectively commit the Government to continuing expenditure on accommodating them and, as a matter of propriety, expenditure on their acquisition could hardly be excluded from the requirement for explicit statutory authority.

There are also wider reasons for establishing the Trust on a statutory basis. Although such a body could be established without legislation by the creation of a private charitable trust, the size and the nature of the investment of public money in the body makes it more appropriate for its establishment and constitution to be provided for by Parliament. Legislation would also provide the most effective means for accountability to Parliament for the use of that public money, and for safeguards and control on the exercise of the body's powers. Parliament would retain direct control over the extent of the powers and the constitution of the body and control any subsequent proposals for variation.

Given the likely need for early progress, legislation in the next Session of Parliament would be needed before substantial payments need to be made.

CONFIDENTIAL

Prime Minister

Agree well

Ref. A088/1417

MR WICKS

FERB's recommendation

*Yes - at least
it is a clear decision to cease work on this
and now make project as to cancel
the Waddesley meeting?
N.C.U 6.5.*

attached

You will have seen the letter of 2 May from Baron Thyssen to the Secretary of State for the Environment. This appears to close off a bid from the UK for the collection.

*Colindale
Simon de*

2. Mr Hanks-Drielsma called on me this evening at his request. I had expected that he would be coming to explain the Baron's letter, but he did not know of it. He was surprised and said that he would have a word with the Baron's solicitor here, but agreed that it appeared to have foreclosed the negotiations.

*Long's
below.*

3. As you know, the submission for the Prime Minister's meeting next week is all but complete. However, barring further developments or instructions, I will not put it forward and will assume that the Prime Minister's meeting is cancelled. — *Agreed*

4. I am copying this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts.

FERB.

6 May 1988

ROBIN BUTLER

*Wide Rindley will
need to reply to the letter clearly accepting
the termination of negotiations*

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COVERING CONFIDENTIAL

Mr Wicks



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. A088/1402

6 May 1988

Coleridge

Lum. Langer

Swiss Langer

Dear Richard,

The Thyssen Collection

Following our meeting last night I attach a revised draft of the note which I propose to put to the Prime Minister. I should be very grateful for any comments from you or the other recipients by 1.00 pm on Monday 9 May. They can be given to my office by telephone if necessary.

John Anson and John Collins will note that I have put in a cockshy paragraph on legislation. They are, of course, welcome to comment on it as necessary.

I should be grateful if you and John Collins could take particular care to check that the description of the proposal in the covering minute is in line with the way in which it has now come out in the draft document to be presented by the Trustees, following your further discussions.

I am copying this letter and the enclosure to John Anson and Tim Burr (Treasury), Catherine Pestell (Foreign and Commonwealth Office), Brian Jefferson and John Turner (DOE), John Collins and Penny Dayer (Treasury Solicitor's Office), Rodney Stone (Office of Arts and Libraries) and Nigel Wicks (No 10).

Yours ever,

Robin

P.S. I understand that a further communication has been received from Mr Baron which could abort the exercise. Nevertheless I am circulating the draft in case we are required to proceed on the previous timetable.

R W L Wilding Esq CB
Office of Arts and Libraries

COVERING CONFIDENTIAL

DRAFT OF 6 MAY

DRAFT MINUTE FROM FERB TO PRIME MINISTERThe Thyssen Collection

An informal group of Ministers is to meet under your chairmanship on Wednesday 10 May to discuss our proposal to the Thyssen Trust for the acquisition of the Thyssen collection for permanent exhibition in this country. I attach a draft proposal with two annexes, the first covering the proposed outline of an agreement and the second sites for the exhibition. This has been prepared by an Official Group under my chairmanship comprising the Treasury, Department of the Environment, Office of Arts and Libraries and the Treasury Solicitor. The proposals draw on the work done by an informal group set up by the Minister for the Arts under Mr Peter Palumbo and have been discussed informally with Mr Jacob Rothschild and the Director of the National Gallery.

2. The following paragraphs cover the main points for Ministerial decision.

The Proposals for an Agreement

3. The proposal provides for the British Government to spend up to £120 million on acquiring the B and C pictures of the collection, which would be vested in a new body to which the A pictures would also be made over in perpetuity for exhibition in this country. The agreement also provides that the British Government should ensure the provision of a gallery, which we estimate would cost £38 million (construction costs only), and that we would provide a recurrent grant of £4 million for running costs and maintenance.

4. It is thought that Baron Thyssen might want the Thyssen family to retain control of the body by having the right to nominate the majority of the trustees. We do not think this is acceptable. The agreement therefore provides for 5 trustees to be appointed by Thyssen interests in addition to the Baron for as long as he wished to be Chairman, and 7 by the British Government.

5. The proposals envisage that, if an agreement can be reached on these lines with the Thyssen trustees the first step should be to set up the

body in which the pictures will be vested. A short Bill will be needed to set up the body and provide for its financing. The body could then appoint a director and supervise the provision of a building within the cost limit imposed by the Government, including any private finance raised towards it.

6. It is essential that once an agreement has been made with us, it should exclude arrangements with any other party and prevent the pictures being committed on loan to any other party without our agreement. If possible, we want to ensure that if the Thyssen Trust agree in June to negotiate with us, they should discontinue negotiations with anyone else. In this respect the agreement signed by Baron Thyssen with the Spanish Government is a problem. We are seeking legal advice in Spain whether the agreement is enforceable but there may well remain a doubt about whether the Spanish Government could successfully take legal proceedings to enforce on the Baron the agreement to negotiate a loan of the pictures to Spain for up to ten years.

Sites

Not yet
attended

7. Annex B to the draft agreement offers three sites, reflecting the preliminary discussion with Baron Thyssen - Canary Wharf, The Grange near Winchester and Centenary Square, Birmingham. The developer of Canary Wharf would make the site available free of charge and has indicated that he might be prepared to contribute to the cost of the gallery. Birmingham City Council is also prepared to donate a site.

8. Ministers will want to consider to what extent they want to exert an influence on the choice of sites. Giving the Baron a free hand may increase the chance that our offer will be acceptable and gives the Government some protection against complaints from locations not chosen. On the other hand, the location of the exhibition could, for example contribute to the Government's inner city policies.

Finance

9. It is obviously desirable that as much private finance should be attracted as possible. However,

once the Government has committed itself to the acquisition of the collection and the site has been chosen, it will be difficult to attract further private finance. The approach taken in the proposal therefore is to set a limit on the British Government's contribution of £120 million for the pictures, and £4 million a year (which would no doubt need to be subsequently increased for inflation) for the contribution to running costs of the gallery. If private finance could be obtained to finance part of this, these sums could be reduced; or, of course, private finance could supplement them. The construction costs of the gallery are estimated at £38 million and this again could be put as the upper limit of the Government's contribution, though this figure could be reduced (if, for example, the developer of Canary Wharf can be persuaded to make a contribution to the construction costs as well as providing the site).

10. The timing of the payment for the pictures will need further consideration and will form part of the negotiations with the Trust. Given the possibility that the Spanish or Swiss Governments might seek to obstruct the passing of the pictures into our possession, either payment should not be

made until the pictures arrive here or we will need some other form of protection against non-delivery. In any event, it looks unlikely that the £120 million would fall to be paid this financial year.

11. Ministers also need to consider provision in the public expenditure plans. The Minister for the Arts has indicated that he could only support the proposal if these funds are provided as an addition to existing provision for the arts.

Legislation

12. The Treasury advise that legislation is needed to cover the continuing costs of the exhibition. This could also cover the establishment of the body in which the pictures will be vested. A short Bill may therefore need to be introduced next Session if agreement is reached with the Trustees.

Timetable and Handling

13. Baron Thyssen is hoping to receive a proposal from the British Government by mid-May. The Thyssen Trustees meet formally at the end of June and are then expected to decide what proposition to

pursue.

14.

TEMPORARILY RETAINED S. Gray 25/7/2016

15.

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

15. When the proposal is delivered it is most likely to be effective if it is delivered personally to Baron Thyssen by the Prime Minister. Mr Hanks-Drielsma has suggested that Baron Thyssen would probably be willing to accept an invitation to come to London for this purpose. An alternative would be to send the proposal under a personal letter from the Prime Minister.

Presentation

16. Although the acquisition of the collection would be a coup, the commitment of up to £200 million for this purpose is bound to be criticised both by the rest of the arts world who have been pressing for funds to maintain adequately their existing collections but also by other pressure groups (eg those who have suffered from the recent changes in social security).

17. So far discussions with Baron Thyssen have attracted hardly any notice but, once a formal proposal is submitted, it is virtually certain that news of it will leak, if only because those who oppose it will want to alert the Spanish Government and perhaps campaign more widely. At that point, it will be necessary for the Government to confirm that discussions are taking place with Baron Thyssen and the Trustees and emphasise the uniqueness of the opportunity of acquiring this collection. Beyond that, it may be best to say as little as possible about the details during the negotiations. Those responsible for the sites under

consideration would also need to be persuaded to withhold comment.

TEMPORARILY RETAINED J. Gray 28/7/2016

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OF THE PUBLIC RECORDS ACT

Summary

19. Ministers are invited:

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- a. To consider the outline of the proposals to be put to the Trustees (paragraphs 3-5) and to consider the attached draft of a document to be submitted to them.
- b. To note that there may be continuing uncertainty about the force of the agreement signed by the Baron with the Spanish Government (paragraph 6).
- c. To consider whether they wish to express a preference to the Baron between the three sites in our proposal (paragraph 8).
- d. To note the financial aspects of the proposal and consider whether the costs should be additional to existing provision for the arts (paragraphs 9-11).
- e. To note that, if agreement is reached with the Trustees, a short Bill may be needed in the latter part of the 1988-89 Session (paragraph 12).
- f. To consider the points of timing,

handling and presentation (paragrpahs 13-17).

TEMPORARILY RETAINED S. Gray 28/7/2016

g.

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

20. I am copying this minute to the Foreign and
Commonwealth Secretary, the Chancellor of the
Exchequer, the Secretary of State for the
Environment the Attorney General and the Minister
for the Arts.

CBC

R. Wicks

CONFIDENTIAL



*Private Secretary to Secretary of State
for the Environment*

Trevor Woolley

We spoke about the
attached letter, which
has just arrived here
at lunch time today.

On your advice I have
not relayed its contents
to Haukes-Drielsma. I
am however copying this
note & the letter to Andy
Bearpark (No 10) Eleanor
Goodison (OAL) and Bryan
Jefferson (DOE)

Alan King
APS/S-PC
6/5

H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (ADM/2)
10/20/1988 10:10 AM

May 2nd, 1988. HTB/as

The Rt. Hon. Nicholas Ridley, M.P.,
House of Commons,

GB - London, S.W.1.

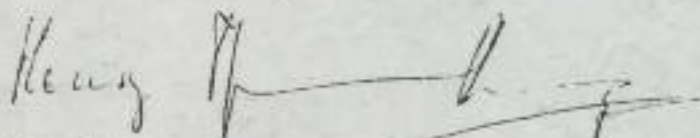
Dear Mr. Ridley,

thank you so much for your letter dated April 20, 1988.
I enjoyed your and your wife's visit very much.

I studied carefully the material concerning the various possibilities of sites, but I must admit that if everything works out well, I am most attracted by the proposal of the Spanish Government. Especially because re-studying the whole question will be much more time-consuming. I am very sorry that the English interest started relatively late and I do not think that I cannot give a contribution to a country which is so much blessed with treasures of old and modern times. But, as one says, it is always worth to try.

Thanking you for your efforts may I also wish you luck for all your valuable future projects.

Sincerely yours,



H.H. Thyssen-Bornemisza

CB
NLW
—CONFIDENTIAL

Sir Robin Butler KCB CVO
Cabinet Office
70 Whitehall
London
SW1A 2AS

Office of
Arts and
Libraries

Horseguards Road, London SW1P 5AL
Telephone 01-270 5870

6 May 1988

Dear Robin

THE THYSSEN COLLECTION

I enclose new versions of the paper and Annex A, revised in the light of yesterday's discussion.

2. I have read over the amendments to Penny Dayer (Treasury Solicitor) who is content. We discussed the particular problem, raised by John Anson, of what would happen to the Gallery if the Trustees were already in possession of the building but the pictures never turned up. Penny believes that it would be possible to protect ourselves against this in the legislation, eg by providing for reversion to HMG in certain circumstances.

3. I was much concerned to hear from John Anson at your meeting that the Treasury might wish to finance this venture partly from the existing arts budget. I have mentioned this to Mr Luce, who remains adamant that we cannot possibly carry the costs of acquiring and subsequently supporting the collection on his PES programme and on his Votes unless it is financed as to 100% as an additional item on top of existing provision. Any other arrangement would make acceptance of the Thyssen venture by the arts world, already a difficult problem, totally impossible. He believes that it would be wrong to embark even on preliminary negotiations with Baron Thyssen until this point has been established, and therefore intends to raise it at the Ministerial meeting next Wednesday.*

4. He has also had one other thought which he may also bring up and which I am therefore mentioning in this letter: that where the running costs of the Gallery are concerned, it might be much better for the Government to make a substantial once-for-all contribution to an endowment fund at the start, than to make annual contributions for the indefinite future. The reasons for this would be:

* I have now seen your draft note on this, which is helpful.

(a) the endowment fund approach might be used to elicit contributions from the private sector, thus increasing the private share of financing;

(b) to the extent that the Government contribution to running costs will cause resentment among other arts bodies, it is better to incur that resentment once than to refresh it every year for ever;

(c) a once-for-all contribution to endowment would make it much easier for the Government to distance itself from pay-rates and other things which will otherwise constantly raise difficult issues of accountability and control.

5. If one assumes £1m per annum as a realistic estimate of admission charges and £5m as the likely total of running costs, the Government could offer a sum in endowment of a size calculated to produce a net income to the Trustees of anything between £2m and £4m per annum, depending on how much weight one put on the prospects of private contribution. It would be possible to start with £2m or £2.5m and move up if necessary in the course of negotiation.

6. Copies of this letter go to Nigel Wicks (No 10), John Anson, Hayden Phillips and Tim Burr (Treasury), Brian Jefferson and John Turner (DOE), Catherine Pestell (FCO), and John Collins and Penny Dayer (Treasury Solicitor).

Yours wz

Richard

R W L WILDING

Draft Annex A.

CONFIDENTIAL

THE THYSSEN COLLECTION

Her Majesty's Government is interested in negotiating arrangements under which the Thyssen 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 gifted 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 Foundation should also acquire the best of the B pictures (about 500) together with such other pictures from the Collection as may be mutually agreed. HMG would

finance this transaction on the basis of a professional valuation of the pictures in question, and would be prepared to ask Parliament to grant up to a maximum of £120m for this purpose.

(c) 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.

(d) 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.

(e) 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.

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 Foundation;

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

(iv) prior to the taking of decisions on acquisition by the 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 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 an appropriate 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.

PRIME MINISTER

THE THYSSEN COLLECTION

You may like to see, over the weekend, Sir Robin Butler's draft minute for the Meeting of Ministers on Wednesday about the Thyssen collection (Flag A). His draft covers a note, (Flag B) which sets out the details of the arrangements so far envisaged for acquiring the collection. Also attached is the agreement signed between the Baron and the Spanish Minister of Culture (Flag C).

N. L. W.

N. L. WICKS

6 May 1988

SLHAWA



✓ CCBS
Prime Minister²

Prime Minister

THYSSEN COLLECTION

I have now seen Sir Robin's note to you of 27 April.

I am rather worried about the timescale of the offer to the Baron the note implies. I think we should at least be able to give him some idea of the Heads of Agreement.

By that date, the sites we can offer the Baron will have been decided, and we should expect to be able to put to him the broad terms of the trust agreement, leaving the fine detail for the meeting of the Baron's trustees in June.

I am copying this letter to Geoffrey Howe, Nigel Lawson and Richard Luce, and to Sir Robin Butler.


NR

N R

4 May 1988

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RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

TEMPORARILY RETAINED J. Gray 28/7/2016

 L Wilding CB
Head of the Office of Arts and Libraries

CONFIDENTIAL

Sir Robin Butler KCB CVO
Cabinet Office
70 Whitehall
London
SW1A 2AS

AB
to see + return pl!!!
N.C.U.

Office of
Arts and
Libraries

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

4 May 1988

Dear Robin

THE THYSSEN COLLECTION

For your meeting on 5 May, I attach the draft of two papers.

2. The first, "Possible Heads of Agreement", comprises a note which the Prime Minister might be recommended to send to Baron Thyssen, with two annexes, one on the constitution and powers of a new UK Trust in whom the pictures would be vested, and the other (to be supplied by the DOE) on the site and building. We have discussed this draft paper and Annex A in a preliminary way with Jacob Rothschild and Neil MacGregor as well as Tim Burr (Treasury) and John Collins and Penny Dayer (Treasury Solicitor).

3. The second paper contains some initial thoughts on the handling of the proposal.

4. In formulating advice to Ministers, we suggest attention be drawn to the following major issues.

Probable reactions to an agreement

5. There will be admiration for the Government's successful coup. But Ministers should be aware that those who wish to belittle it will find allies in those apt to complain that the Government is finding very large sums in order to attract a foreign collection to this country when it cannot afford properly to fund the museums (and some arts) that are already here. I attach an extract from a letter from Neil MacGregor to this effect. It is not a good reason for holding back. But Ministers should be forewarned of it.

Control of the collection

6. This is linked to the first issue in that criticism will be stronger if HMG neither owns nor controls the collection but is simply paying Baron Thyssen to run his own show in this country.

There are however problems of substance here as well as of initial presentation.

7. There are broadly two possible approaches. The first is to allow Thyssen as prospective Chairman to control the new Trust with himself and his own Trustees constituting the majority; and to incorporate all the necessary safeguards into the founding Trust Deed (or legislation). This means that we have to think of all the necessary safeguards before we start. The second is to provide for at least the possibility of Government control by providing for a majority of Trustees to be nominated by HMG. In our discussions so far most people have shown a strong preference for the second solution, at least as an opening position in negotiation.

8. The main points of concern giving rise to this preference have been:

(a) What is to happen in the long run, if for example the Thyssen family interest comes down to a single elderly survivor with power to nominate a majority of Trustees?

(b) Thyssen has tended to regard the collection as a world resource, available for extensive and constant touring. We need to make sure that the new and expensive Gallery is not half-empty for two-thirds of the time; and that frail pictures do not travel. Safeguards in a Trust Deed may prove inadequate.

(c) The problem at (b) will be especially acute during the period between the conclusion of an agreement and the physical arrival of the pictures in the UK. During this period Baron Thyssen should not be free to move the pictures about as he pleases, especially to send them all to Spain (see para 11 below).

(d) In general, this large outlay of the taxpayer's money, and a substantial annual subvention thereafter, can hardly be justified unless there is an adequate measure of public control and public accountability.

9. I think that these points have force and paragraph 3 of Annex A accordingly provides for a majority of Trustees to be nominated by HMG. If the Baron objects strongly, and UK control is not thought essential, two possible fall-back positions would be:-

(a) introduce a third nominating authority (eg the Royal Academy) in such a way that neither HMG nor Baron Thyssen has a majority but UK-based interests do have a majority;

(b) provide that the Baron as Chairman should command a majority (7 to 6) for as long as he serves, but that on his

His wife

Thyssen

*Has done all to himself
- now
- must not let effect
of his all
down
seems
to be
quite
OK
but*

resignation or death the balance should swing the other way.
(This would also affect paragraph 2.)

10. In general, I think that we should decide the issue of control by reference to what constitutes adequate control of the pictures, not by reference to control of the staff. It seems clear that if we try to impose Civil Service pay, grading and conditions and service, we shall not secure an agreement. There is however an obvious problem here vis-a-vis the other national museums and galleries and public sector pay more generally. Paragraph 9 of Annex A in square brackets represents an attempted compromise, though I fear prolonged dispute over the pay of the Director which could sour relationships from the start.

The Spanish agreement

11. The Baron believes that the Spanish agreement commits him to nothing. But the Spanish Government may take a quite different view, and we are all much concerned that if the pictures once go to Spain, getting them out again may either prove impossible or take a very long time. The Treasury Solicitor has been asked to obtain Counsel's view on this. We all took the view that if the Baron agreed to negotiate seriously with the UK, HMG should stipulate that there should be no other negotiations with another country or possible recipient at the same time. It is for consideration whether HMG should also stipulate that, before the pictures are vested in the new Trust, no fresh loans should be made without HMG's agreement, thus enabling us to veto a "temporary" loan to Spain (see paras 4(vi) and (vii) of the paper.

The order of events

12. Here again there is a choice between two possible approaches:

(a) set up the new UK Trust, and vest the pictures in it, at the earliest possible date. The Trust can then appoint a Director who would draw up the brief for the building; and the Trust could be made responsible for putting the building up within the cost limit imposed by HMG. In this case, the money for the pictures would presumably fall due earlier rather than later; and the UK Trust would also have the power of decision over what happened to them at the earliest possible date. It would presumably be necessary to set up the Trust and provide for site acquisition, construction and picture acquisition otherwise than by legislation, though covering legislation for continuing subventions would still be needed in due course.

(b) wait to set up the new Trust, and to vest the pictures in it, until the Gallery is ready. The money for acquiring the pictures would then be paid c.o.d. when they were installed in the new Gallery. HMG would be responsible for

erecting the new Gallery and handing it over in acceptable condition to the new Trust. There would then be time to set up the new Trust and make all the essential provisions for its operation in a single Act of Parliament.

12. I submit that (a) is the preferable course, because

(i) it gives the new Trust the earliest possession of the pictures and power of decision over what happens to them;

(ii) the later the deal over the acquisition of the pictures, the higher their price must be expected to be;

(iii) it is highly desirable (the National Gallery would say that it is essential) that the Director should specify the building brief and make sure on the new Trust's behalf that everything happens to specification and to time.

The paper provides accordingly.

Other points

13. We have consulted Thyssen's lawyer (Paul Coleridge) about what exactly HMG would be paying for. Paragraphs 3(a) and (b) represent the position as he describes it. Note that the Sotheby's valuation is not yet complete, since some pictures have not yet been valued; we hope to have up-to-date figures very shortly. It is for consideration whether the paper should name the figure HMG is prepared to pay (para 3(b)). Contrary to the earlier suggestion made to John Anson, I am now inclined to think that the balance of advantage lies in doing so.

14. In general, we have to decide how much detail should go into these documents. I have left out a good many points which are important (for example the need to satisfy ourselves that the Thyssen Trustees are empowered under Swiss and any other relevant law actually to deliver an agreement on these lines) but which would naturally fall to be considered in any detailed follow-up negotiation. On the other hand I have tried to include all points which are of the first importance and which might be difficult to inject at a later stage. The result is a document which Ministers may think too detailed, but the history of this business so far makes me think that it would be dangerous to go too far forward on the basis of generalised expressions of intent.

15. Copies of this letter and enclosures go to Nigel Wicks (No 10), John Anson, Hayden Phillips and Tim Burr (Treasury), Brian Jefferson and John Turner (DOE), Catherine Pestell (FCO), and John Collins and Penny Dayer (Treasury Solicitor).

Yours ever

Richard

R W L WILDING

EXTRACT FROM LETTER FROM NEIL MACGREGOR

There is, however, one central point with which I must open: the response of all those who work in museums. For several years now, the Minister has been obliged to state in public that there is simply not money available for the Government to meet its obligations to maintain the buildings of our major public galleries; to house great university collections like the Courtauld; to increase, through the University Grants Commission, help to institutions like the Fitzwilliam and the Ashmolean; or to provide adequate purchase grants. All such institutions (and they are too numerous to list) have been obliged to seek private support on the basis that the Government is unable to help. Even the most successful are still unable to display their holdings 'at a high standard'.

The reaction of trustees and staff responsible for underfunded museums and galleries to the decision to spend a huge sum of money on a foreign collection (which will not even be fully owned by H.M.G.) may be imagined, and is unlikely to be either favourable or muted. The level of running costs funding proposed for the Thyssen collection must be likely to precipitate vociferous and articulate protest. Perhaps more important, what will be the reaction of those who might have become benefactors? How can it now be credibly represented to them that the Government is unable to meet the costs of collections for the most part given free to the British people? Who will persuade Denis Mahon, Lilian Browse or the Duke of Sutherland — again, to name only a tiny sample — that they would not be better advised to follow the Thyssen example and offer their collections for negotiation around the world? And who will explain to benefactors — again like Denis Mahon — why in this instance the Government intends actually to prohibit sale? These are difficult and perhaps familiar questions, but they are exacerbated in an extreme degree by the present proposal, which in itself raises some questions and many misgivings.

CONFIDENTIAL

THE THYSSEN COLLECTION - POSSIBLE HEADS OF AGREEMENT

Her Majesty's Government proposes that the Thyssen Collection should be given a permanent home in the United Kingdom.

2. HMG understands that the Collection, which is owned by the Thyssen-Bornemisza Art Collections Trust, at present comprises 1365 pictures as follows:

	<i>Family own up all longish title</i> A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
	227	496	443	199	1365

3. HMG ~~proposes~~ an arrangement with the following main features:

(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 Trust, 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 Trust should also acquire the best of the B pictures (about 500) together with such other pictures from the Collection as may be mutually agreed. HMG would finance this and would make available an amount up to a maximum of £120m, being the Sotheby's valuation of the B

and C pictures in December 1987. The precise amount would depend on the pictures to be acquired by the Trust, but could also include an element to recognize the agreement of the beneficiaries to the overall arrangements.

(c) HMG should guarantee 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 all who wish to visit it. Further proposals for the site and building are at Annex B. HMG would expect the construction cost of such a Gallery to be around £38m, excluding site costs.

(d) The Gallery should be named "The Thyssen Gallery". In addition to the storage and exhibition of the pictures, it should make adequate provision for conservation, and have other facilities, eg for education and scholarship, appropriate to a major public gallery.

(e) HMG would contribute up to £5m per annum (adjusted for inflation) for the maintenance and running costs of the Gallery; the Trust would be responsible for raising any additional sums that were necessary for these purposes, eg by charging for admission.

4. In order to implement this arrangement it is proposed that

(i) the first step should be to set up the new Trust in agreement with the parties by the end of 1988;

(ii) in agreement with the parties, decisions should be taken about which B [and C] pictures would be acquired by the Trust;

(iii) when such agreement is reached, the necessary financing should be provided by HMG, and the Collection so acquired should be vested in the new Trustees at the earliest possible date; the payment would also be effected at that date;

(iv) prior to the taking of decisions on acquisition by the Trust, facilities for inspecting and verifying the authenticity, condition and title of the pictures concerned should be extended to experts nominated by HMG for this purpose;

*will
it*
(v) the Trustees should be responsible for drawing up the brief for the new building and ensuring its construction within cost limits laid down by HMG;

*whether
this kind*
(vi) while negotiations are in progress for the provision of a permanent home for the Collection in the UK, no other negotiations with another government or interested party will take place over the ~~long-term~~ future of the Collection;

[(vii) until the date at which the pictures are vested in the Trustees, no new loans should be made without consultation with HMG.]

THE THYSSEN TRUST IN THE UNITED KINGDOM

1. The Collection and the Gallery should be vested in a governing body set up by legislation or otherwise under English law as an independent charitable Trust.

WLL
happens if
170 agreed

2. Baron Thyssen should 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. Appropriate arrangements should be made for the future representation of the Thyssen interests.

4. The Trust Deed or legislation should equip the Trustees with all normal powers for a charitable body. These should include powers to

(a) appoint and employ a Director and staff (see paragraph 8 below);

(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.

For these purposes, the Trustees should be able inter alia

- (i) to enter into contracts and other agreements;
- (ii) to acquire and dispose of land and other property;
- (iii) to charge for admission or for other services or goods provided by them.

5. Since the "A" and the best "B" pictures are to be transferred under a condition of perpetuity, the Trustees should not have powers to dispose of them. They should 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 should obtain the consent of HMG before disposing of any land or buildings. *or are loaned*

7. The Trustees may loan items from the Collection for exhibition elsewhere in the UK or abroad, subject to suitable arrangements for ensuring that an appropriate proportion of the "A" pictures is always on exhibition in the UK.

8. The Trustees shall appoint a Director of the Gallery with the consent of HMG. They may also appoint other employees.

[9. The Trustees may pay to their employees such remuneration and allowances, and appoint them on such other terms and conditions as the Trustees may determine. In the case of the Director and senior staff, salaries will be subject to approval by HMG.]

10. There should be a requirement on the Trustees to open the Gallery to the public for at least 300 days a year.

11. The Trustees may appoint their own auditors [with the consent of HMG]. The Comptroller and Auditor General will have access to their books and records.

Needing.

DRAFT MINUTE FROM FERB TO PRIME MINISTER

The Thyssen Collection

An informal group of Ministers is to meet under your chairmanship on Wednesday 10 May to discuss our proposal to the Thyssen Trust for the acquisition of the Thyssen collection for permanent exhibition in this country. As a basis for that meeting I attach a draft proposal with two annexes, the first covering heads of agreement and the second sites for the exhibition. This has been prepared by an Official Group under my chairmanship comprising the Treasury, Department of the Environment, Office of Arts and Libraries and the Treasury Solicitor. The draft agreement draws on the work done by an informal group set up by the Minister for the Arts under Mr Peter Palumbo and have been discussed informally with Mr Jacob Rothschild and the Director of the National Gallery.

2. The following paragraphs draw out the main points for Ministerial decision.

The Agreement

3. The Agreement provides for the British Government to spend up to £120 million on acquiring the B and C pictures of the collection, which would be vested in a new trust to which the A pictures would also be made over in perpetuity for exhibition in this country. The agreement also provides that the British Government should provide up to £38 million for the construction costs of a gallery and £5 million per year for its maintenance and running costs.

4. It is thought that Baron Thyssen might want the Thyssen family to retain control of the trust by having the right to nominate the majority of the trustees. We do not think this is acceptable. The agreement therefore provides for [5 trustees to be appointed by Thyssen interests in addition to the Baron for as long as he wished to be Chairman, and 7 by the British Government].

5. The draft agreement provides that the trust should be set up by the end of this year and that the pictures should then be vested in it. The trust could then appoint a director and provide the

building within the cost limit imposed by the Government.

6. The draft agreement also provides that, while negotiations are in progress, no other negotiations will take place with any other Government or interested party. Counsel's advice is being sought on whether the agreement signed by Baron Thyssen with the Spanish Government is binding. [It is hoped to have this advice by the time of the Ministerial meeting]

Sites

7. Annex B to the draft agreement offers three sites, reflecting the preliminary discussion with Baron Thyssen - Canary Wharf, The Grange near Winchester and Centenary Square, Birmingham. It is thought that all could be available by 1991. The developer of Canary Wharf would make the site available free of charge and would be prepared to contribute to the cost of the gallery. Birmingham City Council is also prepared to donate a site. Sir John Baring, who owns the site of The Grange has not yet agreed to the development of a gallery on it and this obstacle would need to be cleared.

Finance

8. It is obviously desirable that as much private finance should be attracted as possible. However, once the Government has committed itself to the acquisition of the collection and the site has been chosen, it will be difficult to attract further public finance. [It would be possible to explore whether the Prince of Wales would agree to make a contribution from the funds of the Duchy of Cornwall but no approach has yet been made and it is not clear whether the Duchy would have powers to use its funds for this purpose.] The approach taken in the proposal therefore is to set a limit on the British Government's contribution of £120 million for the pictures, £38 million for the building and £5 million a year for the contribution to running costs of the gallery.

9. It is for consideration whether the Government's contribution to the purchase of the pictures should be paid as a lump sum or over a period. The draft assumes the former. On the timetable envisaged, the payment would be made in the latter part of this financial year when the

trust has been set up and the B and C pictures are acquired.

[Legislation]

10.

Timetable and Handling

11. Baron Thyssen is hoping to receive a proposal from the British Government by mid-May. The Thyssen trustees meet formally at the end of June and are then expected to decide what proposition to adopt. If they choose the United Kingdom's proposition, negotiations with others would be required to cease.

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13. One alternative is to seek to submit the note below and the annexes to the Baron before 14 May. But Ministers may feel that this gives insufficient time to consider adequately, and achieve collective authority for, the commitment of substantial public funds to a project which is certain to be

controversial. Although the acquisition of the collection would be a coup, the commitment of up to £200 million for this purpose is bound to be criticised both by the rest of the arts world who have been pressing for funds to maintain adequately their existing collections but also by other pressure groups (eg those who have suffered from the recent changes in social security).

14. [REDACTED]

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15. So far discussions with Baron Thyssen have attracted hardly any notice but, once a formal proposition is submitted, it is virtually certain that news of it will leak, if only because those who oppose it will want to alert the Spanish Government and perhaps campaign more widely. At that point, it will be necessary for the Government

to confirm that discussion are taking place with Baron Thyssen and the trustees but it may be best to say that the details are confidential during the negotiations. Those responsible for the sites under consideration would also need to be persuaded to withhold comment.

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OF THE PUBLIC RECORDS ACT

Detailed Negotiations

17. If the United Kingdom's proposition is accepted by the trustess, an expert team will need to be put together for the subsequent negotiations. The constitution of this is being considered.

18. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts.

+AG.

CENTENARY SQUARE: BIRMINGHAM

Background

The site is on the north side of Centenary Square alongside the Repertory Theatre. Construction of a major Convention Centre concert hall and Hyatt hotel will close the east side of the square. Development of the square which will include also the Central Television headquarters and Europe's largest municipal library, is part of Birmingham's plan to establish a very different civic style than that provided by redevelopment of the central area in the 1960s. The site is illustrated in the drawings and photographs attached.

Accessibility

The site is close to the Birmingham inner ring road which links to the Aston Expressway and the M6. 7 Million people live within one hour's travel by road. Parking will be available close to the square for 4,000 cars. New Street Station is within half a mile. Birmingham airport can be reached in 15 minutes by car.

Availability

The city council is prepared to donate the site. Construction of the Convention Centre is expected to be completed by 1991 and the construction of the gallery, timed to follow that, would largely complete the development of the square.

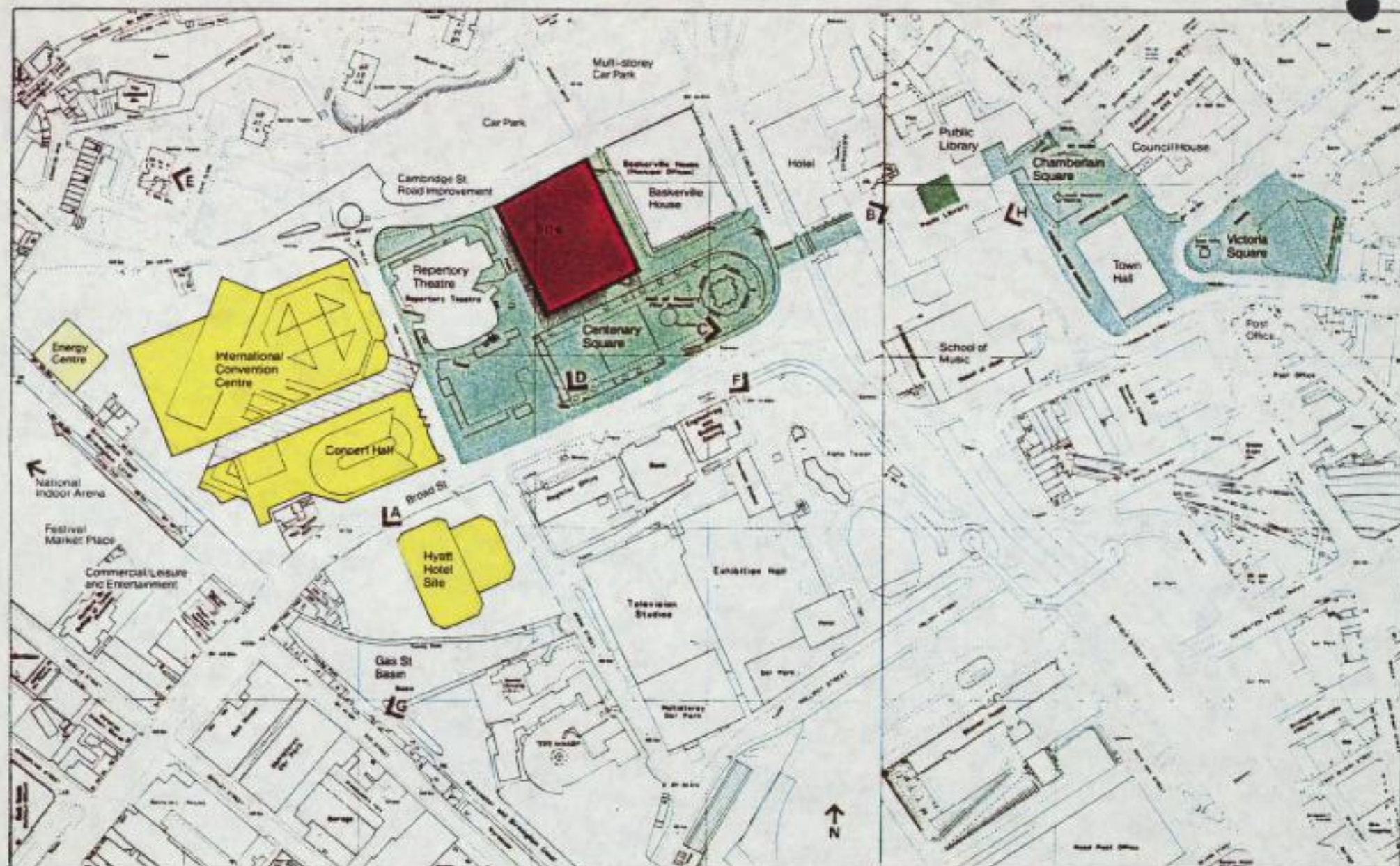
Commentary

Birmingham is embarked on a vigorous campaign to improve the city. It has had an enthusiastic response (600 entries from 33 countries) to a design competition for 6 central area sites. Acquisition of this collection would give great heart to Birmingham in its present efforts and would be seen as a major statement of faith in the region.



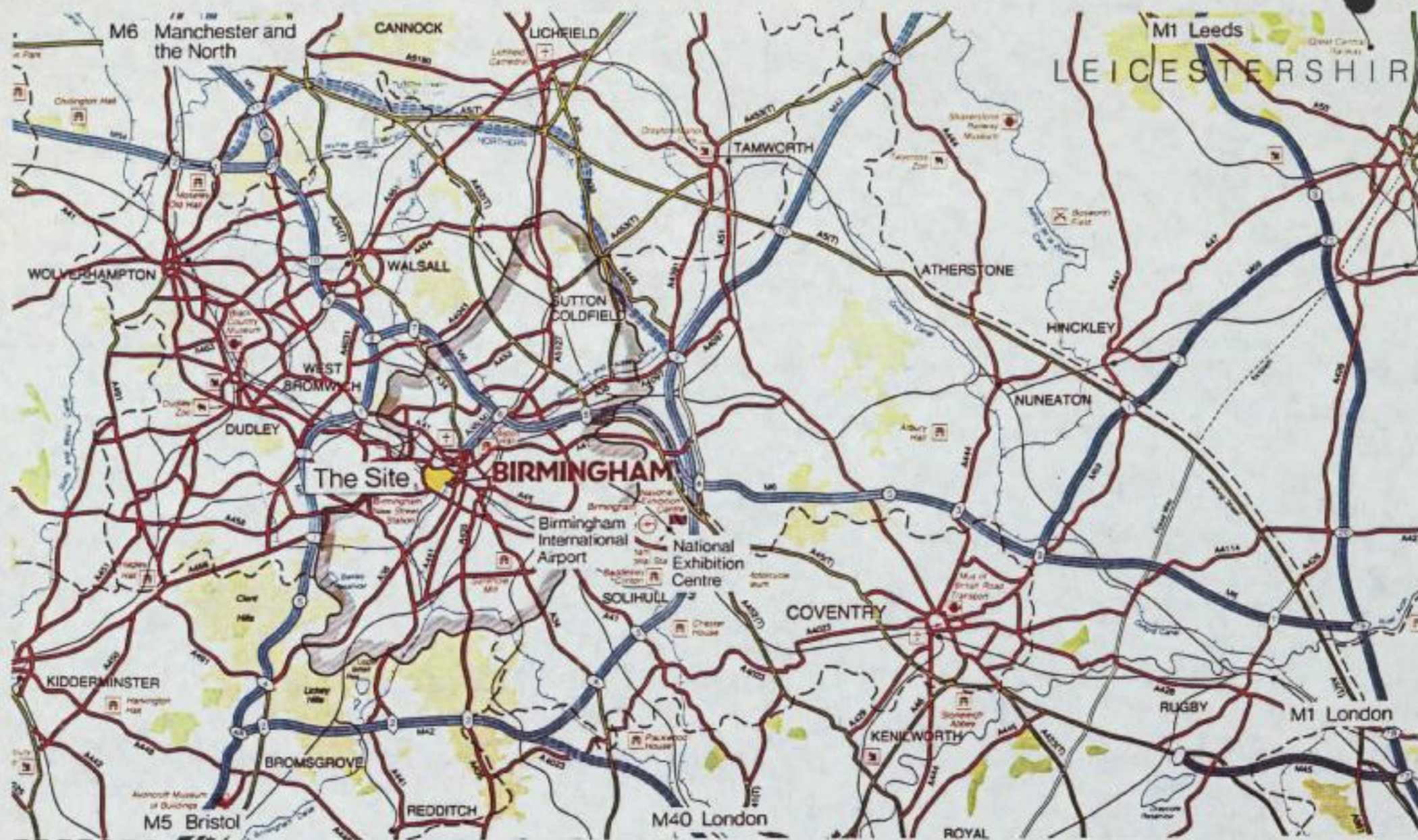
CENTENARY SQUARE
B I R M I N G H A M

SITE PLAN



CENTENARY SQUARE
B I R M I N G H A M

REGIONAL LOCATION



CENTENARY SQUARE

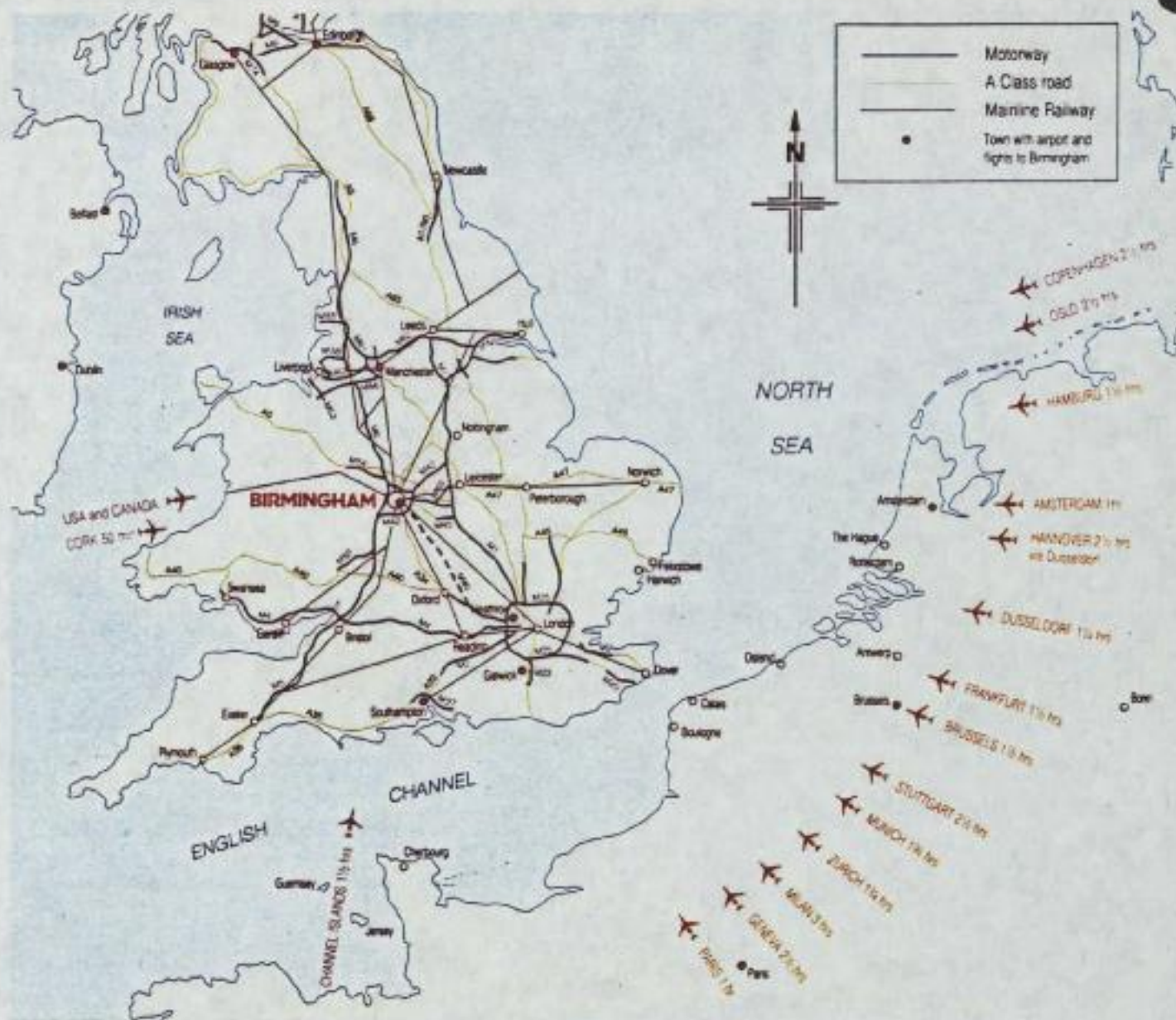
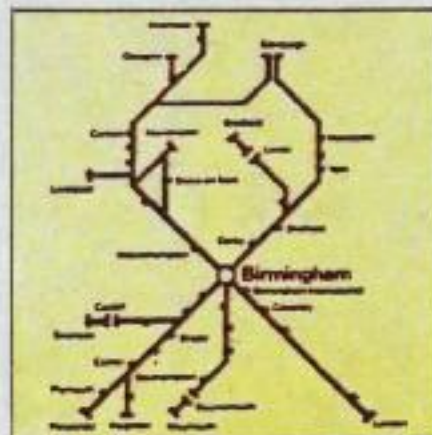
B I R M I N G H A M

STRATEGIC LOCATION

JOURNEY TIMES TO BIRMINGHAM

AIR All and 5th flights to Birmingham International Airport	RAIL to Birmingham New Street Station	ROAD Vehicles average speed 45 mph, no motorway
Glasgow 50 min	London 1 1/4 hrs	London 2 1/4 hrs Outside 100m
Heathrow 40 min	Reading 2 hrs	Heathrow 2 1/4 hrs 115m
Southampton 40 min	Southampton 3 hrs	South- ampton 2 1/4 hrs 130m
Cork 50 min	Bristol 1 1/4 hrs	Bristol 1 1/4 hrs 80m
Dublin 50 min	Cardiff 1 1/4 hrs	Cardiff 2 1/4 hrs 105m
Belfast 55 min	Liverpool 1 1/4 hrs	Liverpool 2 hrs 95m
Manchester 35 min	Manchester 1 1/4 hrs	Manches- ter 1 1/4 hrs 80m
Edinburgh 55 min	Leeds 2 1/4 hrs	Harwich 3 1/4 hrs Felixstowe 150m
Glasgow 55 min	Glasgow 4 1/4 hrs	Glasgow 6 1/4 hrs 290m
Aberdeen 1 1/4 hrs	Newcastle 3 1/4 hrs	Dover 3 1/4 hrs 175m

ACCESS BY RAIL



CENTENARY SQUARE
B I R M I N G H A M

VIEWS OF SITE



View A
Aerial view of Centenary Square showing
the location of the site

CENTENARY SQUARE
B I R M I N G H A M

VIEWS OF SITE



View B
Centenary Square from the Central Library



View C
Birmingham Repertory Theatre at night



View D
Baskerville House and the Hall of Memory

CENTENARY SQUARE
B I R M I N G H A M

CANARY WHARF: LONDON DOCKLANDS

Background

Canary Wharf is to be developed by Olympia and York, a Canadian company, owned by the Reichman family, to provide 12.5 million sq ft of office and retail accommodation. It will be the world's largest single commercial development. The company has indicated that it would be prepared to make a key site marked on the attached plan (A), available for the gallery. It lies on the proposed West Ferry Circus and on axis with the main approach to Canary Wharf, and enjoys views back up river to the City. An indication of the proposed style of development of West Ferry Circus is shown in the drawing at B.

Accessibility

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 provide access east and west. Up to 200 car parking spaces could be accommodated on the site. We would expect up to 1.5 million visitors each year, perhaps 80% by public transport.

Availability

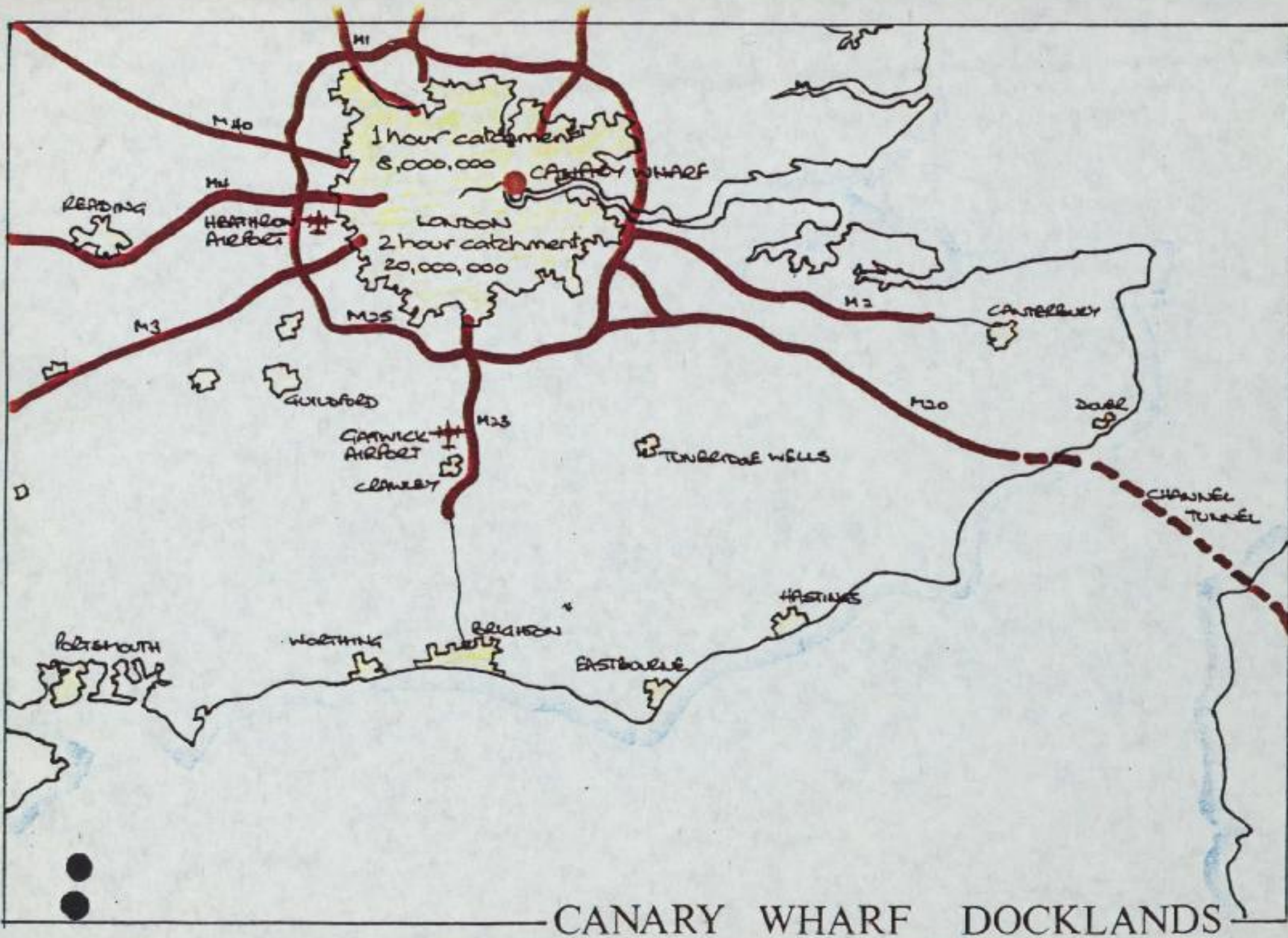
The Developer is prepared to make the site available free of charge. The construction of a gallery would be timed to coincide with the development of Canary Wharf. The West Ferry Circus area is expected to be completed by 1991 and the gallery could be available by that date.

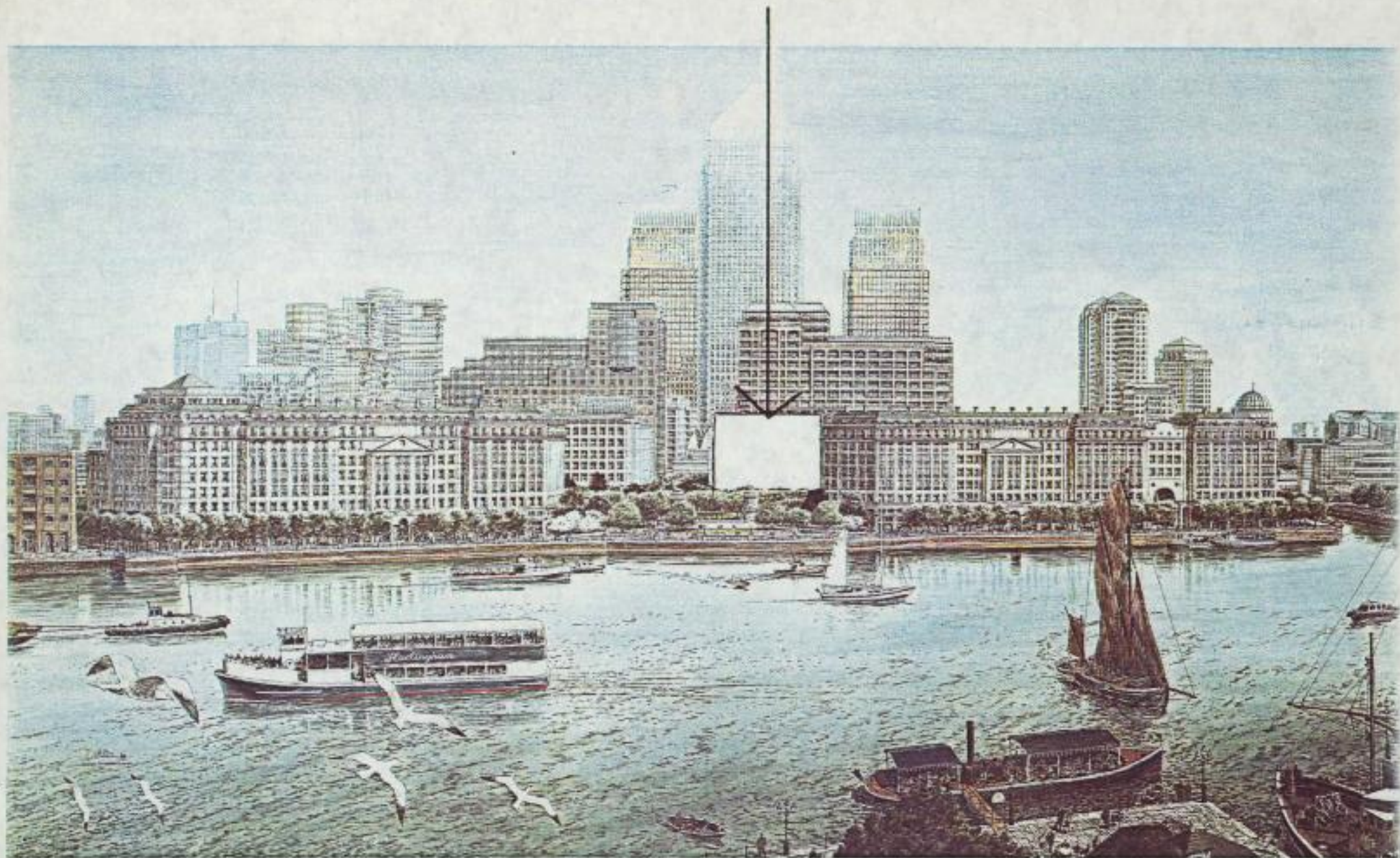
Commentary

The LDLC intends that Docklands should become a self-contained third business district. Though the developers have plans for retail and leisure facilities, the district will be, compared with other sectors of London, short on major public buildings.

Provision of a gallery here would be a great prize for Docklands. We understand that Paul Reichman would be prepared to contribute to the cost of the gallery.

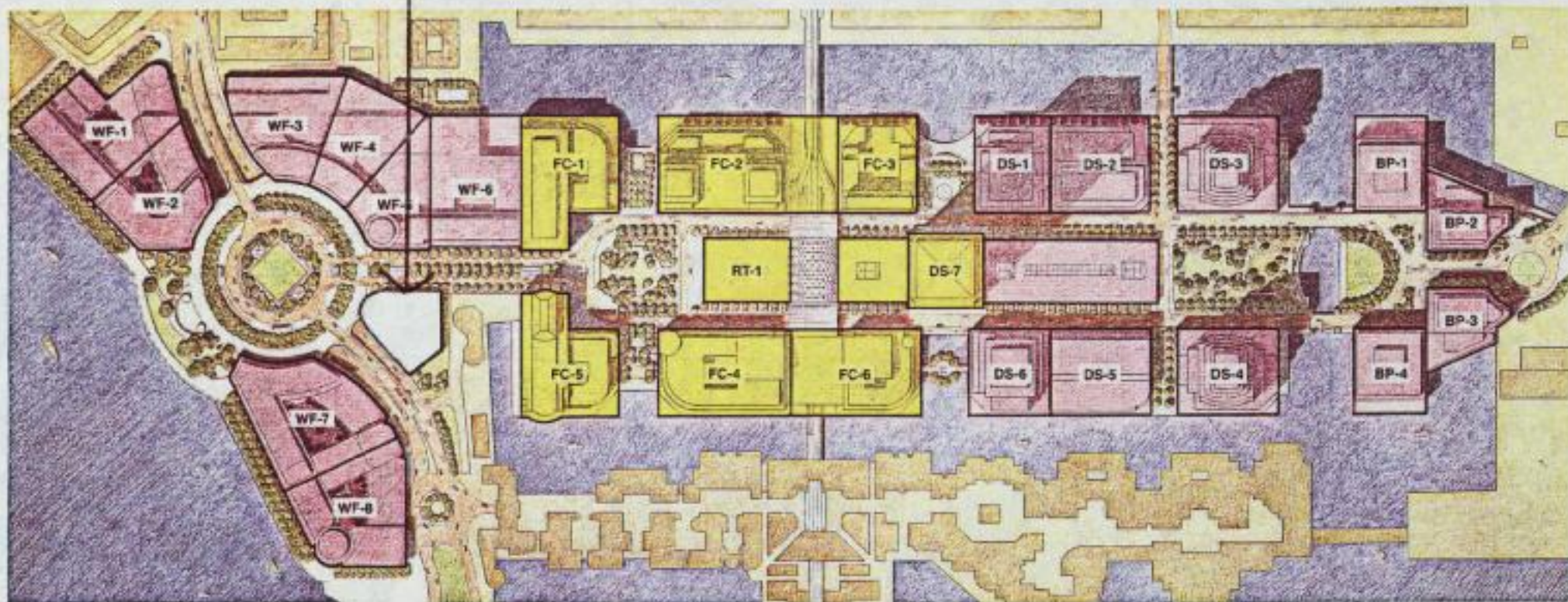






A VIEW OF CANARY WHARF FROM THE RIVER THAMES

SITE PLAN



0 20 40 60 M

ARCHITECTS & ENGINEERS: Skidmore, Orange & Merrill
LANDSCAPE ARCHITECTS: Harker & Wain, Ltd.

KEY
Phase 1 Buildings
Phase 2 Buildings

STRICTLY CONFIDENTIAL & NOT FOR RELEASE
November 1987

CONSULTING ENGINEERS: Sir Arup & Partners
TRANSPORT CONSULTANTS: Sims, Davies & Glover, Ltd.

West Ferry Circus

Parcel Designation	Parcel Size (sq.ft.)	Gross Floor Area (sq.ft.)
WF-1	79,400	361,000
WF-2	61,700	281,000
WF-3	61,300	163,000
WF-4	52,600	239,000
WF-5	47,000	234,000
WF-6	81,300	299,000
WF-7	91,200	369,000
WF-8	74,800	302,000
TOTAL	549,900	2,241,000

Founders Court

Parcel Designation	Parcel Size (sq.ft.)	Gross Floor Area (sq.ft.)
FC-1	75,200	721,000
FC-2	121,600	627,000
FC-3	45,900	278,000
FC-4	75,000	570,000
FC-5	75,700	638,000
FC-6	74,500	302,000
TOTAL	467,900	3,237,000

Retail

Parcel Designation	Parcel Size (sq.ft.)	Gross Floor Area (sq.ft.)
RT-1	32,000	90,000
TOTAL	32,000	90,000

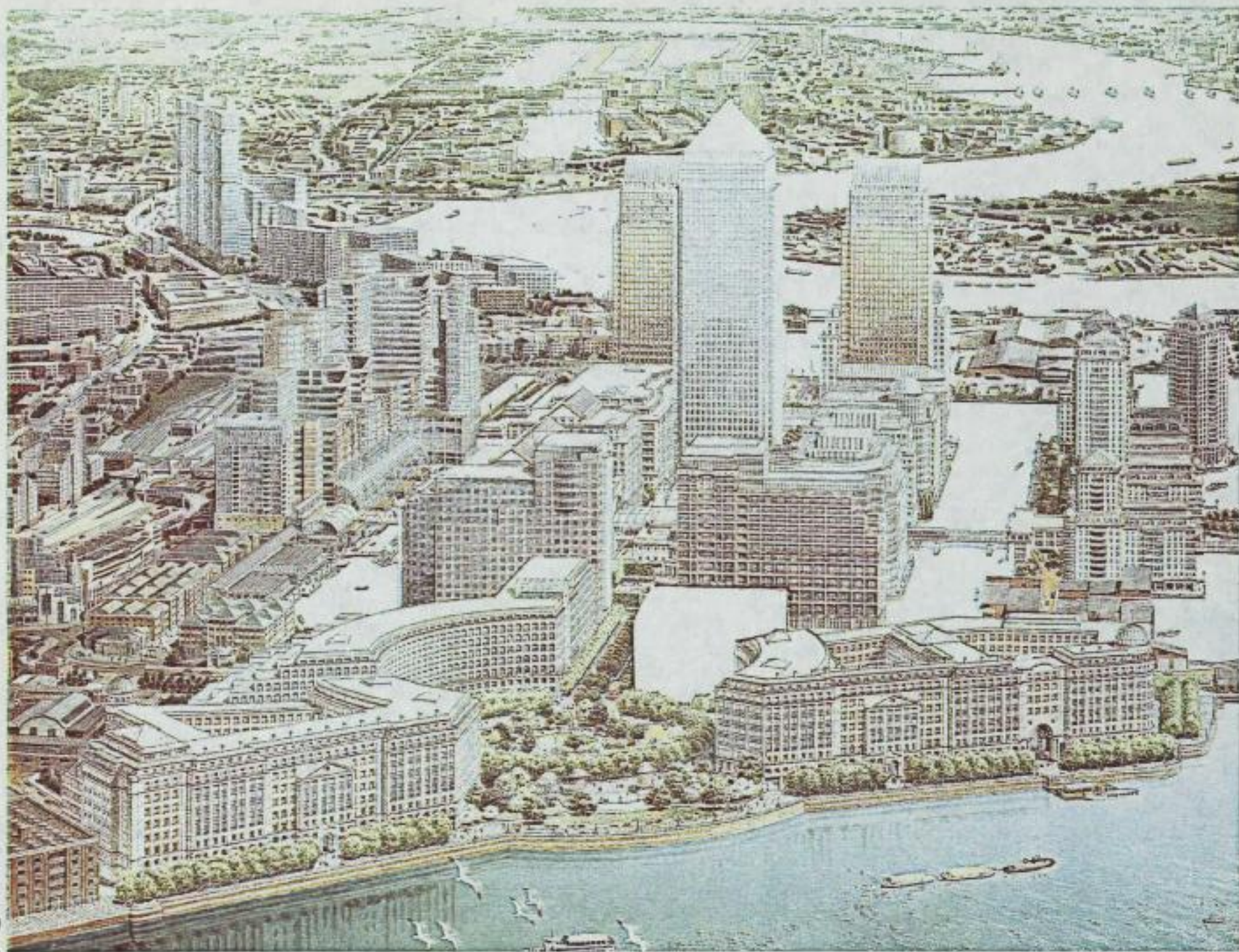
Docklands Square

Parcel Designation	Parcel Size (sq.ft.)	Gross Floor Area (sq.ft.)
DS-1	51,000	365,000
DS-2	65,500	499,000
DS-3	65,500	1,150,000
DS-4	74,900	1,150,000
DS-5	58,500	462,000
DS-6	45,900	345,000
DS-7	138,000	1,700,000
TOTAL	699,700	5,671,000

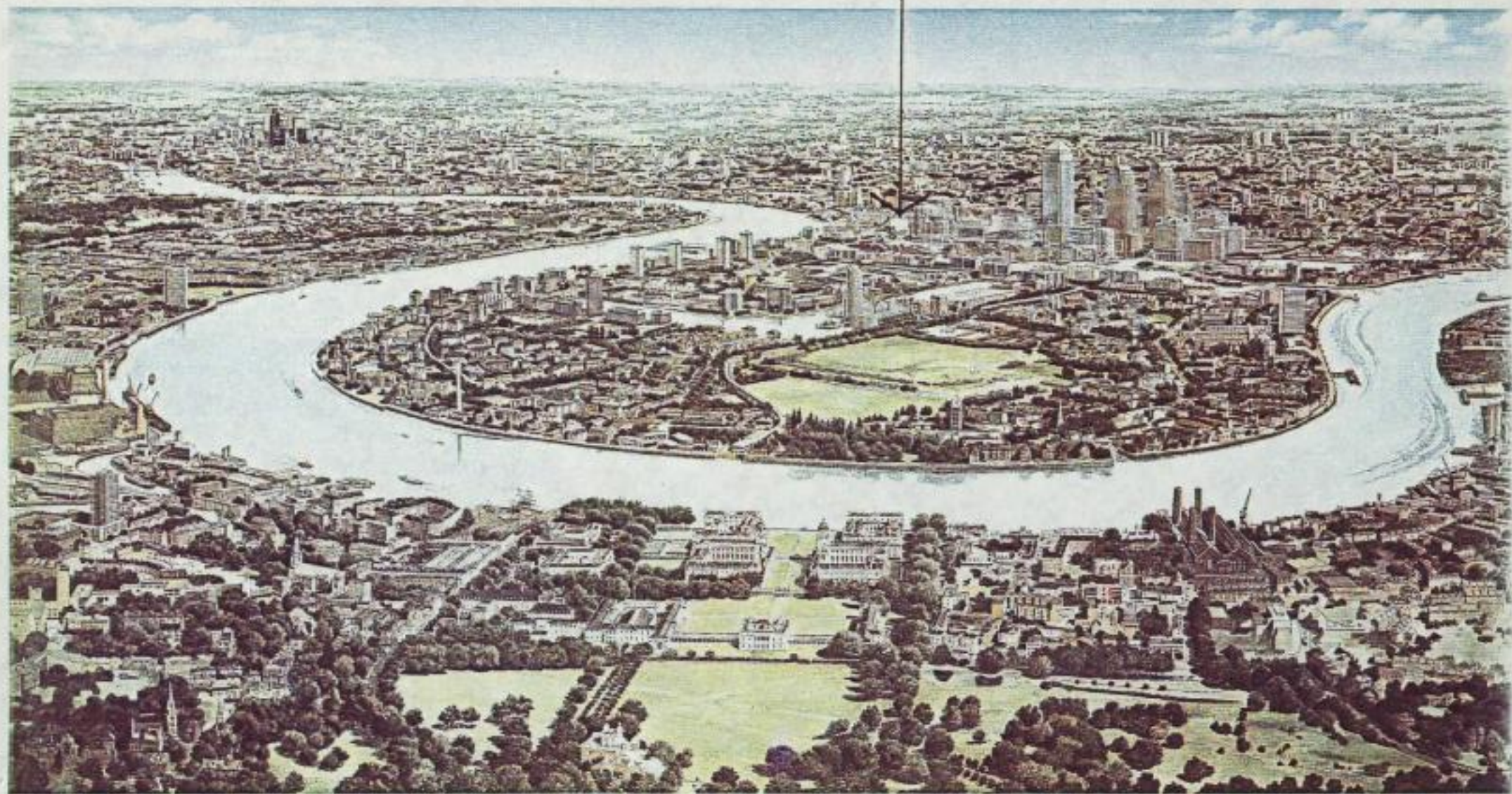
Blackwall Place

Parcel Designation	Parcel Size (sq.ft.)	Gross Floor Area (sq.ft.)
BP-1	48,400	296,000
BP-2	36,300	291,000
BP-3	35,000	291,000
BP-4	43,200	296,000
TOTAL	162,900	1,174,000

GRAND TOTAL	1,712,000	12,000,000
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A VIEW OF CANARY WHARF FROM THE WEST



A VIEW OF CANARY WHARF FROM GREENWICH

Ref. A088/1333

NOTE FOR RECORD

cc Mr Anson (Treasury)
Mr Wilding (OAL)
Mr Jefferson (PSA)
Mr Wicks (No 10) ✓
Miss Pestell (FCO)

Thyssen Collection

Sir Robin Butler held a meeting at 5.30 pm on 27 April to consider Number 10's letter of April on the Thyssen Collection. Present were Messrs G H Phillips (Treasury), J B Jefferson and J Turner (Property Services Agency), R W L Wilding and R Stone (Office of Arts and Libraries) and N L Wicks (Number 10). Sir Robin explained that the Prime Minister had asked him to prepare urgent advice to put to Ministers on the details of the offer for the Thyssen Collection which might be made to Baron Thyssen. Discussion centred on three main areas: decisions relating to the site and building in which the Collection might be housed; decisions about the arrangements for the foundation or trust in which the Collection might be vested; and the handling of decision-making and the presentation of a proposition to the Baron.

Site/Building

2. Mr Jefferson said that the PSA had indentified two principal options for a site for the collection: a building in London Docklands, or "The Grange" in Hampshire. The costs of both were likely to be of the order of £38 million (although "The Grange" was an existing building, adapting an historic building to house the collection would be at least as expensive

as constructing a purpose-built building). A third option which should be considered was a site in Birmingham.

3. In discussion, it was noted that the Baron wanted a location for the collection which would enable it to be widely accessible to visitors - and close to an airport which could accommodate the Baron's private jet. Ministers' priorities might, however, be different. There would, for example, be political attractions in locating the collection at an urban site outside London (ie Birmingham); while if, as was desirable, private sector finance was to be associated with the project, this might most easily be facilitated by the provision of a building for the trust. It would be for further consideration whether or not the proposition put to the Baron offered a single site or alternatives from which he could choose, but, for the time being, there would be advantage both in refining each of the three options further, and in letting it be known that no decision on a site had been taken to encourage the potential providers to offer competitive terms.

Trust Arrangements

4. Mr Wilding explained that it was proposed to create an independent foundation, on the lines of a charitable trust, in which ownership of the pictures, and perhaps (although not necessarily) of the building, would be vested. The Government could either purchase the "B" pictures in the collection and give them to the foundation; or it could enable the foundation to purchase them direct.

5. A number of different issues relating to the details of the Trust arrangements would need to be resolved. First, we should need to be satisfied about the basis of the valuation of the "B" pictures in the collection. The present valuation had been given by Sotheby's at the request of the Thyssen Trustees, and endorsed by the Director of the National Gallery in general

terms. But it was doubtful whether this would be sufficient to defend the expenditure to the Public Accounts Committee. Before final arrangements were entered into, it would probably be necessary for a Government representative physically to view the pictures. In the initial negotiations, agreement on a purchase price could be made conditional on this subsequent valuation.

6. A second issue related to whether the Government or the Baron should have the controlling interest in the Trust; and whether a concession to the Baron on this point might permit us to negotiate a lower purchase price for the collection. There might, in fact, be advantage in the Government's interest being a minority, to establish the independence of the trust - provided that the trust was based on a tightly drawn up agreement covering the terms under which the pictures were provided to the trust, the level of the Government's financial contribution, the rights over storage, display and disposal of the pictures and public access to them, appointment and accountability of the trustees, and responsibility for terms and conditions of employment of the trust's staff. Indeed, the agreement defining the powers and responsibilities of the trust would be at least as important as determining the level of Government interest in it.

7. It was clear that it would be necessary to construct a team of experts to draw up the detailed terms of the trust agreement.

A lawyer experienced in this area would be essential, and the Treasury Solicitor would need to be consulted about this. But advice would be needed about the sort of team which a firm like Sotheby's would assemble for a negotiation of this sort. In the first instance, Mr Jacob Rothschild might be approached about this.

8. A third issue concerned the arrangements for payment to the family for the pictures. The proposal that payment should be phased over a number of years had come from the family on the basis that this would be more attractive to the Government. In

fact, the Treasury would prefer to make a single payment - when the paintings were delivered to the trust. It was not clear whether legislation would be required to permit the Government to make such a payment.

Handling/Presentation

9. Sir Robin Butler said that he envisaged the Government's decision being taken by an ad hoc group of Ministers chaired by the Prime Minister, and comprising the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, and the Minister for the Arts; it would be served by the group of officials at this meeting, together with representation from the Foreign and Commonwealth Office. An initial Government view would need to be taken in advance of 14 May when the Prince of Wales was dining with the Bron. A more formal proposition would need to be put to the Baron by the end of May in advance of a meeting of the Thyssen Trustees in June.

10. Further consideration would need to be given to the presentation of the Government's position to the Baron; and of presenting it to Parliament and the public generally. There might be a case for the production of an attractive booklet to accompany the terms of the proposition.

Conclusion

11. Summing up their discussion, Sir Robin Butler asked for the preparation of three papers, to be circulated to the official group by close of play on 4 May, as follows:

- a. by the PSA, on sites and buildings, covering the points raised in paragraphs 2 and 3 above;

- b. by the OAL, in consultation with the Treasury, on the trust agreement and financial arrangements, covering the points in paragraphs 4 to 8 above;
- c. by the OAL, on handling and presentation, covering the points in paragraphs 9 and 10 above, and including an action plan.

Following consideration by the group at a meeting arranged for 5.15 pm on 5 May, the papers would be presented to the Ministerial group, which Mr Wicks would arrange to meet around 11 or 12 May. Mr Jefferson should invite his Secretary of State to keep Sir John Baring (The Grange) and Mr Paul Reichman (Docklands) aware of the Government's continuing interest in these two possibilities for sites for the collection. Mr Wilding should consult Mr Jacob Rothschild about the composition of the multi-disciplinary team which would need to be involved in drawing up the terms of the trust agreement (paragraph 7 above). The role of Mr Hanks-Drieslma should be clearly understood as that of consultant (for example on the best way to approach the Baron); he should not be involved in the Government's decision-making, or represent himself as acting on behalf of the Government.

T A Woolley
T A WOOLLEY

28 April 1988

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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

The Prime Minister discussed with you this morning your minute of 27 April about the arrangements for carrying forward the work in preparing a bid for the Thyssen collection.

The Prime Minister said that she was content with the arrangements described in your minute. It was clearly important to make rapid progress on the lines that you indicated with a view to a meeting of Ministers under her chairmanship in the week beginning 9 May.

I am sending a copy of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts.

N. L. W.

N. L. Wicks

28 April 1988

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THE THYSSEN COLLECTION:

Your working party on the possibility of bringing the Thyssen Collection to the United Kingdom met on [three] occasions during March and April. Chaired by Peter Palumbo, its members were Sir Nicholas Goodison, Sir Mark Weinberg, Jacob Rothschild Professor Brian Morris (Museums and Galleries Commission) Neil MacGregor (Director, National Gallery), and Angus Stirling/Martin Drury (National Trust). Mr Jefferson (Chief Architectural Adviser on the built environment DOE) and Mr Wilding, Mr Stone and Miss Morrison, OAL provided Departmental advice. Mr Hanks-Drielsma also attended our meetings.

Background

2 We examined the proposition that the pictures in the Thyssen Collection in Lugano should be offered a permanent home in the UK. At present there are 1,365 of these pictures as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
Totals	227	496	443	199	1,365

3 All the pictures are at present vested in a trust created in 1986 and registered in Bermuda. The three trustees are lawyers, from England, Switzerland and Luxembourg. Our understanding is that if a satisfactory home can be found for the Collection, the Baron would ensure that all the 227 A pictures at present on loan to the Thyssen Foundation in Lugano would be gifted in perpetuity to a new trust; but the family, as residual beneficiaries of the B and C pictures will expect at least the B+ pictures

1. AB ¹⁰⁰ 20/4

This is the
full Palumbo
report.
N.W.

2. CF ^{27.4}

to be purchased as part of the settlement. Apart from a few that family members might wish to retain, the UK proposal needs to contain an offer based on a valuation of most of the B pictures.

Quality and valuation

4 The Director of the National Gallery confirms our view that the Thyssen Collection is the most important collection of old and modern masters in private hands in the world. There are some 20 great masterpieces, and it is particularly strong in 15th-16th century German pictures and 19th-20th century modern masters, both areas which are poorly represented in the United Kingdom, although the quality of many of the other pictures is variable. Mr MacGregor has also confirmed the Sotheby's valuation of the Collection (A, B and C pictures) at over \$1.2 billion. A more detailed assessment is at Annex A.

5 Within the United Kingdom the smaller collection (also see Annex A) of the Duke of Sutherland, already largely on public display in the National Gallery of Scotland and elsewhere, is of a higher order, but we have no means of knowing the Duke's ultimate dispositions. Thyssen is on offer now, and is a unique opportunity.

6 The A pictures in the Thyssen Collection are valued at nearly \$1 billion (around £550m at current exchange rates), the B+ pictures at \$165m (£91m) and the B- pictures at \$50m (£28m). It is reasonable to assume that a satisfactory offer for the B pictures and a limited number of others could be pitched at £120m. We recognise that this is a very large sum, but it has to be set against the acquisition for the nation, on the basis of a deal of this kind,

of a collection worth four to five times this sum on the open market, which in our view would have a very large tourist potential.

7 Unless the UK is prepared to put up figures of this order in a firm proposal we believe that the Baron will not be interested: he already has a number of other offers on the table (see below). But if we were able to do so the indications that we have had show that he would be likely to favour the United Kingdom as a permanent place for the Collection because it offers political stability and maximum viewing opportunities, and because there are various family objections to a number of the other proposals.

Other proposals

8 We understand that some 10 countries have shown interest in the Collection, but only three or four are regarded by the Baron as worthy of serious consideration. The Swiss authorities are trying to persuade the Baron to stay in Switzerland, but he regards Lugano as an inappropriate setting because access is poor, the site is too small and it cannot be enlarged. A Palace opposite the Prado has been offered by Spain, but it would need very substantial renovation and then might not be satisfactory in modern gallery terms. Although not favoured by many of the Thyssen trustees this is the front runner at present (see below).

9 An offer of a Schloss has been made by Stuttgart and is being pressed by Chancellor Kohl of West Germany; but Germany is unpopular with the majority of members of the family. The Getty Museum (California) has offered a total package of \$500m including provision of a new museum, but there are

several drawbacks. The Baron does not feel that the Getty Foundation is a particularly reliable body, and its offer was spread over 15 years. He is looking at a much shorter timescale, and is conscious of the fact that many of the pictures were bought from the USA by his father in the thirties in order to return them to Europe.

10 Since we began our work, the Baron has signed a declaration on 7 April with the Spanish Government. This is an understanding between the parties to work towards an agreement whereby the best paintings in the Collection would be loaned to Madrid for up to 10 years, with options to extend or convert to a permanent agreement. The Spanish Government have undertaken to refurbish and provide the Villahermosa Palace rent-free for this purpose, and the money so spent can be taken into account in any future financial arrangements.

11 We are advised that this is not a binding commitment, and certainly the Baron does not regard it as such, if he has an acceptable offer from the United Kingdom. But in our view the existence of the declaration makes it essential that any offer from the United Kingdom should not be subject to further negotiation, except on points of detail, and should require the A and B pictures in the Collection to be delivered for the opening of a new gallery in this country: a timescale of 3 years, or 5 years at the outside, even if a short-term loan to Spain is arranged in the interim.

Building and Site

12 We have examined the options of a refurbished historic house and a new gallery. A more detailed assessment of three short-listed candidates is given in Annex B. In particular we looked at the

possibilities of an inner city location, bearing in mind the example of the Burrell Collection, which has brought large and identifiable benefits to Glasgow: in particular well over 500 new jobs, and an enhanced attractiveness for firms contemplating relocation or new premises. In its first year the Burrell had over one million visitors, though attendances have since fallen, with an estimated spend in the Glasgow area of £10-20 per visitor.

13 Our conclusion is that a new building would meet most of the Baron's concerns as well as our own. He has not been attracted by other 'heritage sites' because they will not convert efficiently to display the paintings to maximum effect. Moreover, the conversion costs of Grade 1 listed buildings will be as high as, if not higher than, new construction, with no guarantee that the accommodation could meet the rigorous requirements for a collection of this quality - lighting, especially natural, air conditioning, humidity and temperature control, fire prevention etc. Facilities and access in such buildings are often far from ideal. Though Somerset House has some advantages in this respect, the Baron would not welcome being alongside the Courtauld collection.

14 We feel strongly that this is an opportunity to make a positive, forward-looking statement for the year 2000. New buildings are attractions in themselves; a British architect (James Stirling) won a competition to extend the Thyssen Collection in Lugano but the project was never realised.

15 In our view a site in Docklands could well attract substantial private support. A public cultural building is badly needed to give status to this

highly important development and it appears likely that a site could be found in the Canary Wharf development. The developer (Mr Reichmann) has already been approached independently about the possibility of providing an art gallery and has indicated his interest in integrating this into the development on a river frontage. It would of course be necessary to ensure, if this option is pursued, that the gallery would be of the necessary standards for a collection of Thyssen's size and quality, and in an appropriate style. For these reasons we consider that HMG should be prepared to underwrite the whole cost if necessary.

16 Another potential inner city site would be the centre of Birmingham, where major development plans are under way. In either case, the site would need to be a minimum of 0.5 acre, but suitably landscaped and presented up to 3 acres could be required. For the purposes of costing, this Report assumes a site of 1 acre.

17 A third option is The Grange, a neo-classical Grade I shell by Wilkins, set in acres of beautiful parkland north-east of Winchester. However, while this site could combine the heritage aspect with a new building which would join the existing facades and prove an exciting architectural challenge, it is far from ideally positioned. A country site in Hampshire would give rise to much opposition, and it would not attract the numbers that would be available in a major city.

Capital and running costs

18 Our assessment is that a building of the kind required would cost £35m to build/renovate, inclusive of VAT and design fees. The site cost we would hope to negotiate as part of any proposed major

development, at minimal cost. If this were not possible the additional cost could be about £10m in West Docklands, about £1m in East Docklands, and possibly an amount in between in Birmingham, for a one acre site.

19 Such a gallery would need to provide 60-70,000 sq ft of space. This would include suitable ancillary facilities for a major foundation: lecture room, shop, library and study areas. On the basis of available information we consider that the running and staffing costs of such an institution would be £4m-£5m pa, offset perhaps by £1m net in charges paid by members of the public. We do not consider it realistic to assume that costs of this order could be provided other than by central funding.

Status of the Collection

20 The Baron wishes the Collection to be vested in an independent trust which he would chair, and to which he wishes to appoint at least 51% of the members. This raises questions of the extent to which the Government could or should accept such an arrangement if it provides the permanent site, building and future endowment of the new gallery.

21 We therefore think that negotiations should open on the basis that the Baron would have the right to be chairman; that the family would be entitled to a 49% share of the membership; and that 51% should be nominated by HM Government. However if this proposition proves unacceptable, we propose to go along with the view that the Thyssen nominees should be 51% of the Foundation, provided the terms of the Foundation are inalienable to the United Kingdom and subject to suitable safeguards for the public purse. The trustees would be prohibited

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from selling off or removing permanently those parts of the Collection agreed to be held in perpetuity, but would be free to sell the remaining lesser pictures provided that the sale proceeds were to fund new acquisitions.

Timing

22 We understand that the Baron would like to have a firm proposition from the UK on the table by mid-May so that it can be fully considered before a meeting of the Thyssen trustees at the end of June. We have therefore decided to put forward a package on the basis below, subject to the fine details being worked out after further discussion with the Baron and his representatives in Lugano.

Financial options

23 The working party have estimated the overall financial requirements as follows:

- £35m for the new or converted building, excluding any site costs, or up to £45m including site costs of an acre in West Docklands;
- up to £5m pa running costs (offset by charges for entry)
- an offer of £120m to acquire all the B+ pictures, most of the B- ones, and possibly some others. This offer should recognise the possibility of inflation, of up to 10% pa if it is agreed to spread the purchase costs over a period of 5 years.

24 Effectively, therefore, we consider the UK must be able to table an initial offer of up to £200m, spread over 5 years on terms to be negotiated. We believe that the shorter the period, the more

favourably the Baron will view the offer. Spain has offered 4 years, which appears acceptable.

25 We considered three main possibilities for raising a sum of this order:

(a) a Government contribution of £100m matched by an equivalent sum to be raised in the private sector. The Committee felt that such a possibility was unrealistic. No private sector contribution to the arts in this country has exceeded £15m to date, apart from the Sainsbury offer to build a new wing for the National Gallery in their name at £30m, and the £50m from Paul Getty Jnr, also to the National Gallery. It has taken four years of energetic effort to raise £5m for the Courtauld Galleries move to Somerset House; the National Trust's maximum private contribution has been £1.6m for Kedleston. We do not therefore think a 50:50 apportionment is possible;

(b) the Government might offer to buy the B pictures and to meet the running costs, leaving the private sector to provide £35m for buildings, and a suitable site. The view of the working group, however, is that even £35m cannot be promised within the timescale available. While every effort should be made to secure private funding, particularly if the Docklands site is the preferred option, the Government should be prepared to underwrite all necessary costs up to £200m;

(c) the Government should accept that we are faced with a unique opportunity of acquiring for a fraction of its market value (\$1.2 billion or £670m) a private Collection of exceptional importance and can do so for an immediate public

commitment of around £200m. This seems to us by far the most realistic solution, and to offer the best chance of success with the Baron.

The UK proposition

26 Bearing these facts in mind we consider that it is desirable to put forward as quickly as possible a proposal which should be presented as an offer of up to £200m over 5 years, which would be for either a new museum building on a one acre site, or the conversion of The Grange. The precise timing would be subject to detailed negotiations with the Baron and his trustees. The essence of this proposition would be as follows:

(a) the United Kingdom would provide a new building at a guaranteed capital cost of £35m, excluding site costs. This sum would be guaranteed by HMG though this would not preclude an active effort to raise the sum from the private sector. The three sites offered would be London Docklands, central Birmingham and The Grange, Hampshire, in that order;

(b) the Government would undertake to provide the running costs for such a building up to a level of £5m pa, adjusted for inflation according to the GDP deflator;

(c) the Collection at this new gallery would be vested in a governing body set up under English law as a limited liability company with charitable status. The Baron would be the first chairman, and the Thyssen family interests would have the right to nominate 51% of the trustees, with HM Government nominating 49%.

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(d) the United Kingdom's financial provision, set out more fully in Annex C, would be offered as follows

- if necessary, purchase of a site at up to £10m in 1988-89;
- completion of a £35m new building to house the Collection by summer 1991 (spreading this sum over the financial years 1989-90, 1990-91 and 1991-92 in the approximate proportions 2:3:1);
- an offer to buy the B pictures at a rate of £120-146m over 5 years allowing for inflation of 10%, or such other combination as is negotiable with the Thyssen trustees.

provision for running costs at £5m pa, (adjusted within agreed controls thereafter to take account of both income and inflation).

27 We must enter two additional caveats. First, any offer of this kind must be seen as a one-off bid to match a window of opportunity, and should not in any sense be at the expense of the existing arts programme. It should be ring fenced and the Government should make it clear that it was facilitating the move of a private collection to this country, not creating an additional national gallery. Secondly, such an offer should be without prejudice to the Government's position on the Sutherland collection (Annex A and paragraph 5 above) should this at any time come onto the market.

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Conclusion

28 Overall we consider that an offer for the Thyssen Collection on the lines indicated would have a very strong chance of success, particularly if backed by personal appeals from the Prince of Wales and the Prime Minister. We understand, incidentally, that the Prince has arranged to visit the Collection in Lugano on 14 May. The annual costs would not be excessive and would bring a major benefit to the UK in terms of the attractions of a Collection of very large tourist value, which in its wake would create additional employment in the service industries. If we do not secure it, Spain or another European country will almost certainly do so.

29 We strongly recommend that the Government should put forward an offer on these lines. I would be willing to help with negotiations, involving Mr Hanks-Drielsma, in association with officials.

P J PALUMBO



Annex: Report on the Thyssen Collection
by the Director of the National Gallery

The Bridgewater collection, formed around 1800 and now belonging to the Duke of Sutherland (part of which has since the last war been on loan to the National Gallery of Scotland), is, although smaller, of higher quality and of far greater importance for this country. There are also many pictures in private hands in the United Kingdom of at least comparable quality, and with more powerful historical associations - Lord Radnor's Holbein and the Duke of Westminster's Velazquez can stand here for several dozen capital pictures. Any decision to acquire the Thyssen pictures that did not take account of these other contingent claims would be profoundly capricious.

That said, the Thyssen collection also contains a number of supreme masterpieces; The superb Van Eyck Annunciation is the last known work by the artist in private hands and is in good condition. The Dürer Christ Among the Doctors is probably the most important work by the artist not yet in a museum. Holbein's Henry VIII is a picture of the highest quality which should never have been allowed to leave this country. The paintings by Carpaccio, Caravaggio, Cézanne, Degas and Van Gogh would be eagerly sought by any major museum in the world.

The range of quality within the collection is obviously wide but in two significant areas it is strong where United Kingdom collections are notoriously weak:-

Early German

A comparable group of German paintings from the 15th and 16th centuries could probably not be formed again and is without equal in any British collection.

19th/20th Century

This is an area in which United Kingdom collections are generally poor. In particular, the German expressionists in the Thyssen collection would add a new dimension to the representation of 20th Century art in the United Kingdom.

In conclusion, the Thyssen Collection is without question among the finest private collections remaining, with some of the greatest paintings still in private hands and at least two general areas of remarkable strength. While less distinguished than our major municipal and university collections, it would significantly enhance the nation's holding of western art. I have not had a complete list of the B Class pictures and so cannot confirm their valuation. In general, however, the values proposed by Messrs. Sothebys appear reasonable, and it can be said that confidence with the total collection is worth many times the valuation proposed for the B class pictures alone.

Neil MacGregor
Director

LONDON DOCKLANDS

Canary Wharf is to be developed by Olympia and York.

Paul Reichman the developer is prepared to offer a waterfront site within the Canary Wharf project and may be prepared to fund the building of the gallery from his private resources.

Access is good and improving. The Docklands Light Railway will link Canary Wharf and the City. The London City Airport is two miles to the east. Road links are to be substantially improved.

BIRMINGHAM CENTENARY SQUARE

Two sites in the heart of Birmingham overlooking Centenary Square, adjoining or facing the Repertory Theatre.

Both would accommodate a gallery of the size required.

A new building of quality would enhance the City's present effort to improve this part of the City Centre. A new Convention Centre is already under construction to the east of the theatre.

Access is excellent, the Birmingham Inner Ring is close by, which links with the Aston Expressway and M6. Birmingham Airport is 15 minutes drive away off the M6. Intercity Railhead in New Street half a mile away. London to Birmingham is 110 miles.

THE GRANGE

A superb neo-Grecian house by Wilkins, architect of the National Gallery, set in fine parkland.

The surviving East and West blocks were completed in 1809, the former round the core of 17th century brick mansion. The blocks provide 12,000 sq ft, but later Victorian buildings linking the East and West Blocks have now been demolished leaving ample space for new galleries in between. Building alongside Wilkins' existing blocks would be a formidable but exciting challenge to a first rate architect willing to make the most of the opportunity.

The interior of the East Block amounts to little more than the floors and studding for the walls of each room. There are some remnants of fine plaster, but all the ceilings have gone. No interiors are left that would need to be sacrificed to place new galleries within the shell of the block. However much of the interior of the Ball Room (West Block) remains, and could be restored.

Out of town galleries are unusual but they have much to command them. The Burrell is a good example. There is increasing demand for access by motor car and the Grange is well served by the M3 and not too far from Heathrow or Southampton Airports.

An advantage in using the Grange is that substantial sums have been spent on its renovation but it exists only as an "objet d'art" and sees precious few visitors. It is hard to defend its long term maintenance in this fashion. The only obstacle is that the house and surrounding estate are not vested in the Secretary of State of the Environment, but still owned by the Baring family. The House was, as in so many cases in the past, only taken into guardianship by the Department. Before the Grange was offered to the Baron as a possible home for the collection, the Barings would need to be approached at the highest level to discover their attitude to the possible sale of the house and sufficient land for this purpose.

Proposed composition of UK offer

	£m				
	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
Site	10				
Building	-	12	18	5	-
Pictures*	24	26.5	29	32	35
Running costs	-	-	1	5	5

Total	34	38.5	48	42	40

*Pictures: a £120m valuation with payments over 5 years allow
10% pa allowance for inflation.

TEMPORARILY RETAINED J. Gray 28/7/16

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Ref. A088/1326

PRIME MINISTER

Thyssen Collection

Mr Bearpark's letter of 26 April asked me to prepare, in 27.4 consultation with interested Departments, urgent advice on how to carry forward the work in preparing a bid for the Thyssen Collection.

2. I understand that the main dates in the timetable are as follows: the Trustees are expecting to have a meeting in June, at which they would expect to take a decision. By that date we need to have a fully worked up project available. Baron Thyssen has said that he would like to hear from us in May about what we have in mind.

3. There are two main aspects to our bid. The first is the building, on which, as you know, the Department of the Environment have made considerable progress in identifying possible sites. Since this would be a very attractive acquisition in whichever location it is placed, there is a prospect of getting some private contribution to the provision of a site. The second factor, on which we are less well advanced, is the structure of the organisation which might exhibit the pictures and the terms of agreement with the Thyssen Trust about the acquisition of the pictures and the terms on which they would be held and exhibited.

4. We will have to work very fast indeed to work up a proposition in the time available which will both commend itself to the Trust and be defensible to Parliament and public opinion

One Minute F
I am sure that
this is the right way
of handling this if we are
to get the collection for the
UK. N. C. U.

here. We will certainly need expert help in doing so and we are considering how that can be acquired. We are unlikely to have reached a final conclusion by mid-May, and the furthest that we can hope to get by then is to indicate to the Baron the outline of our approach in a way that emphasises how seriously we are taking this issue.

5. With all these considerations, I think that the best way of handling this may be to set up an informal group of Ministers under your chairmanship, including the Foreign Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts. This would be supported by an official group which I would chair, including officials from the same Departments. I have commissioned papers on the building, the terms of the agreement and handling which could be ready for consideration by the group under your chairmanship in the week beginning 9 May. This would make it possible to decide what could be said on an interim basis to the Baron in mid-May, and on the advice to be given to the Prince of Wales in time for his dinner with the Baron, and pave the way for preparation of a worked up bid in time for the meeting of the Trustees in June.

6. I should be grateful if you would let me know whether you would be content with this way of proceeding.

7. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts.

FR.B.

ROBIN BUTLER

27 April 1988

Till
CONFIDENTIAL

ECLCSC



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 April 1988

Dear Eleanor

THYSSEN COLLECTION

The Prime Minister has seen your Minister's minute of 22 April summarising the conclusions of the working group which she had set up. She also had an opportunity this evening to discuss financial aspects of the matter with the Chancellor of the Exchequer and the Chief Secretary.

The Prime Minister is very keen that the Thyssen Collection should, if at all possible, come to the UK. She would like Departments concerned now to discuss, as a matter of urgency, the detail of an offer that might be made to Baron Thyssen. Such an offer should be based on the best possible artistic, financial and legal advice and a small project team, under suitable leadership, which might report to your Minister, the Secretary of State for the Environment and the Chief Secretary, should be established to carry the matter forward.

The Prime Minister would welcome proposals on next steps. Since this matter involves a number of Departments, I suggest that Sir Robin Butler might prepare, in consultation with interested Departments, urgent advice on how best to carry this matter forward.

I am copying this letter to Alex Allan (H.M. Treasury), Jill Rutter (Chief Secretary's Office), Roger Bright (Department of the Environment), Tony Galsworthy (Foreign and Commonwealth Office) and Sir Robin Butler.

Yours ever

Andy

P.A. BEARPARK

Miss Eleanor Goodison,
Office of the Minister for the Arts.

CONFIDENTIAL

SPW

PRIME MINISTER

The Chief Secretary will stay on tomorrow
afternoon after the Social Security meeting
to discuss the Thyssen Collection

PM

P. A. BEARPARK

25 April 1988



CC/UP.

CG/BG

MINISTER FOR THE ARTS

Prime Minister

C88/2226

Yes (Do you now want a meeting
with the Chief Secretary or the GC?
- anyone else?)

PRIME MINISTER

THYSSEN COLLECTION

10/2/21
+

... I attach a note which summarises the conclusions of the working group chaired by Peter Palumbo which I set up. Its members comprised Sir Nicholas Goodison, Sir Mark Weinberg, Jacob Rothschild, Neil MacGregor (Director, National Gallery), Professor Brian Morris (Chairman, Museums and Galleries Commission) and Martin Drury (National Trust).

Their report, which will be available shortly, fully supports the case for making an offer for the Thyssen Collection. It considers that this offer should be presented as a commitment of £200m spread over 5 years to provide a new gallery, and buy the B+ and B pictures in the collection; the Thyssen trustees would in turn vest the A pictures in a new UK-based foundation.

Nicholas Ridley is now working up proposals for the two sites most favoured: a prime site at Canary Wharf in the new London Docklands Development and The Grange, Hampshire, an historic house in fine surroundings which could be converted. Nicholas cleared these with the Baron last weekend as being the ones that he would favour, though a central site in Birmingham is a conceivable fall-back.

We are convinced that the approach to the Baron, if agreed, must be made quickly, and stress the way in which his needs can be accommodated if it is to succeed. He has assured us that his tentative discussions with the Spanish Government are not binding and can be superseded. I recommend however that if we make an offer on these lines we should stipulate that any interim loans of the relevant pictures (whether to Spain or elsewhere) must be terminated on the completion of the new gallery and the pictures made available for display there within a maximum period of, say, six months.

CONFIDENTIAL

As far as domestic considerations are concerned, I must also make two other points

(a) This would be a unique arrangement. Its financing should be quite separate from the rest of the arts budget. You will readily understand that the National Museums and Galleries are heavily stretched and there is no scope for adjustment.

(b) The acquisition of these pictures should not prejudice our ability and willingness to protect those other pictures of the highest quality which are already part of our heritage and may need to be acquired for the nation in due course.

That said, I regard this as a magnificent opportunity to enhance our national heritage, and greatly hope that we can grasp it.

Copies of this letter go to Nigel Lawson, Nicholas Ridley, and Geoffrey Howe.

Richard Luce

RICHARD LUCE
22 April 1988

CONFIDENTIAL

CONFIDENTIAL

The Thyssen Collection: Summary of points arising from the
Palumbo Group's work

1. The Thyssen collection at present comprises 1,365 pictures as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
<hr/>					
Totals	227	496	443	199	1,365

2. The pictures are at present vested in a trust created in 1986 and registered in Bermuda. Our understanding is that if a satisfactory permanent home can be found for the collection, the Baron would ensure that all the 227 A pictures would be transferred in perpetuity to a new trust; but the family, as residual beneficiaries of the B and C pictures, expect at least the B+, and probably most of the B pictures, to be purchased as part of the settlement.

3. The Director of the National Gallery confirms that the Thyssen collection is the most important large collection of old and modern masters in private hands in the world, though there are smaller collections and individual pictures in private hands in this country which are of even greater importance. He believes that the Sotheby's valuation of the Thyssen collection (A, B and C pictures) at over \$1.2 billion is reasonable.

4. The A pictures are valued at nearly \$1 billion (£550m), the B+ pictures at \$165m (£91m) and the B- pictures at \$50m (£28m). We believe that a satisfactory offer for the B pictures could be pitched at £120m. If spread over 5 years, 10% pa should be allowed for inflation: see appendix.

5. Other offers have been made, but the only one which appears to be under serious consideration by the Baron at the moment is the Spanish Government's offer of the Villahermosa Palace in Madrid. This was the subject of a declaration signed by the Baron and the Spanish Government on 7 April, whereby the parties undertook to work towards an agreement under which the best paintings would be loaned to Spain for up to 10 years, with options to extend or convert to a permanent agreement. We are advised that this is not yet a binding commitment and that the Baron would not confirm it if he had an acceptable offer from the United Kingdom.

6. The sites which would best meet the Baron's wishes would be a prime site in the Canary Wharf Development in London's Docklands, or The Grange, Hampshire, an historic house held in trust by English Heritage. The Docklands scheme appears to be the one the Baron is most attracted by; it would generate the most visitors and have the prospect of some private funding. A site in central Birmingham is a possible fall-back.

7. A new building and a converted historic house would cost approximately the same to provide. The need is for a gallery space of up to 70,000 sq ft, together with suitable ancillary facilities for a major foundation: lecture room, shop, library and study areas.

8. The status of the collection must be a new foundation, under English law, which has inalienable rights to retain possession of all the A pictures, and of those B+ and B pictures to be agreed; but which might allow disposal of other pictures at the foundation's discretion, to create an endowment fund.


9. The composition of the new foundation should enable the Baron to be chairman and to nominate his successor, and Thyssen nominees to fill 49% of the places; HM Government would nominate the controlling 51%. [We believe this may not be acceptable to the Baron, and that we should therefore be prepared to offer the Thyssen trustees a controlling 51%, provided that inalienable rights to the pictures remaining permanently in the UK are clearly established; and that a clear agreement is reached on the extent to which the pictures may be temporarily loaned outside the UK.]

10. The gallery should be completed if possible within three years, and the pictures made available on its completion. Payments should be spaced over 5 years (unless a once-for-all payment is possible).

11. The costs to the UK would be

- £35m for a new or converted building (including fees and VAT)
- £10m site costs
- a £120m offer for the B pictures at their current valuation, spread over 5 years and allowing for 10% inflation (bringing the total to £146m)
- provision of up to £5m pa running costs, offset by charges for entry.

12. The group has given careful thought to the possibility of raising a contribution to these costs from the private sector. It may be possible to interest a developer in contributing to



site and building costs if the Docklands site were to be adopted. In all other respects however the group believes that full Government funding is the only realistic assumption. An early offer to the Baron would in any case have to be based upon the Government's willingness to meet the whole cost if necessary.

13. The group conclude that an offer on these lines, backed by appropriate details of the two main sites, and made quickly, would have a good chance of success. And that acquisition of a collection of this quality would bring major benefits to the UK in terms of the collection's intrinsic merits, its tourist value, and the employment opportunities that it would generate.

Appendix

Proposed composition of UK offer

£m

	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
Site	10				
Building	-	12	18	5	-
Pictures*	24	26.5	29	32	35
Running costs	-	-	1	5	5
	<hr/>				
Total	34	38.5	48	42	40

*Pictures: a £120m valuation with payments over 5 years allowing 10% pa allowance for inflation.



OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts

C88/2229

Miss D Lamb
Assistant Private Secretary to the
Secretary of State for the Environment
2 Marsham Street
LONDON SW1

22 April 1988

Dear Deborah,

Thank you for your letter of yesterday's ^{date} ~~date~~ setting out the main points of the discussion between my Minister and Mr Ridley on Wednesday.

Just *two* points:

- Mr Luce said that the question of whether the Thyssen nominees would have a 49% or 51% shareholding in a new foundation might be a matter for negotiation. It has not been raised with the Baron at this stage and has not yet therefore caused any problems. We understand, however, that the Baron wants a controlling share. Further details are in the note my Minister has sent to the Prime Minister today;
- we think we agreed 4 May at 5.30 pm for the second regular meeting between our Ministers!

I am copying this letter to Andy Bearpark at No.10.

*Yours ever,
Bleanor*

MISS E M GOODISON
Private Secretary

MINISTER OF STATE
PRIVY COUNCIL OFFICE

ART AND AMENTICS: Thayer Collection
Feb 85

THE UNIVERSITY OF CHICAGO
LIBRARY

nbpin ylt



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Miss Eleanor Goodison
Private Secretary to
The Rt Hon Richard Luce MP
Minister of the Arts
Cabinet Office
Office of the Minister for the Civil Service
Horse Guards Road
LONDON
SW1P 3AL

21 April 1988

Dear Miss Goodison

You were present yesterday when my Secretary of State and Mr Luce met to discuss progress on the Thyssen collection. Mr Stone (OAL) and Mr Jefferson (PSA) were also present.

X My Secretary of State re-iterated the points which he made in his letter of 19 April to Mr Luce following his lunch with Baron Thyssen last Saturday. The Baron had a clear preference for a gallery in Docklands followed by The Grange. A package would be worked up for the Baron in the next few weeks presenting these 2 options, together with the fallback option of Birmingham. It was probably unnecessary to do any additional work on the Birmingham option.

The package would present the location and potential of the 2 main sites but would not propose any detailed designs for the buildings at this stage. However, it was important to acknowledge the Baron's wish that the paintings should be displayed intimately in a succession of small rooms rather than a large space. The package would also, of course, include full details of the Government's proposals for purchasing the paintings and Mr Luce explained that there had been problems in the negotiations about shareholding. My Secretary of State's view was that the Government should not make a fuss about this and should accede to the Baron's wishes.

A number of tasks were identified and allocated. It may be helpful if I list these so we all know what we are doing.

- i. The Baron was concerned that he should be able to visit the collection easily using his private jet. I am investigating whether he would be able to use the London City Airport.
- ii. My Secretary of State agreed to speak to Paul Reichman (Canary Wharf) and Sir John Baring (The Grange). I will let you know as soon as we have fixed up these meetings.



- iii. Bryan Jefferson agreed to obtain more information on the exact location of a possible gallery at Canary Wharf and also to consider other options for sites in the Docklands area.
- iv. Bryan Jefferson also agreed to have a quiet word with James Stirling.
- v. It was agreed that regular weekly meetings should be set up between my Secretary of State and Mr Luce. I understand that the first of these meetings has now been fixed for next Wednesday, 27 April at 6.30pm. The next meeting will be on 3 May at 5.30pm. Mr Hanks-Drielsma has been invited to these meetings.

I am copying this letter to Andy Bearpark at No 10.

Yours sincerely
R. Cameron

PP DEBORAH LAMB
Private Secretary

Arts + Embroidery

Thyssen 16688





Prime Minister 2.

C.B.G.
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

The Rt Hon Richard Luce MP
Minister of the Arts
Cabinet Office
Office of the Minister for the Civil Service
Horse Guards Road
LONDON
SW1P 3AL

19 April 1988

Dear Richard

Judy and I lunched with Baron Thyssen on Saturday, Hankes-Drielsma was also there.

He remains very interested in an English offer for a place for his collection. He showed no sign of feeling committed to Madrid; indeed he was rather critical both of the Spanish plan and of the Villahermosa Palace. He never mentioned the agreement.

I showed him photographs of Wentworth Woodhouse, The Grange and Lancaster House: also plans of Birmingham and Docklands for new building sites. He quite quickly ranked them as follows:-

- i. LDDC - "we must look to the future, very exciting etc";
- ii. The Grange - "A beautiful house";
- iii. Birmingham;
- iv. Wentworth Woodhouse - "too far away";
- vi. Lancaster House - "too small, too little room".

I think this enables us to concentrate on LDDC and The Grange. He would like to have a trip round Docklands to see the area and hear of the plans for its development. He thought it might be hard to get to by car, but was interested in Stolport. We will check where one can fly to and from, and also whether the facilities are adequate for his private plans.

His attitude was that he will go to the country which gives him what he wants. There can be no question of bargaining as hinted in the Palumbo Report, he will simply shy away. How it is presented to him is important (he criticised the Swiss over this and he does not like the Spanish proposals which give more emphasis to cafés and car parks than to his pictures). He wants the pictures to be shown intimately. The best of them are small and he doesn't like them to be shown like postage stamps in rows. He believes they should be shown in small rooms, even if it is not possible to have so many on show.

If we can come forward with a suggestion to please him I think we have a very real chance.

It might be a good idea if you and I (and perhaps Hanks-Drielsma) were to meet to discuss how we go from here. We haven't all that much time.

I am copying this to the Prime Minister.

*Yours
Nicholas*

NICHOLAS RIDLEY



2 pps
Prime Minister²
cc/BG

OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts

Rt Hon Nicholas Ridley AMICE
Secretary of State for the Environment
2 Marsham Street
London SW1

C88/2062
15 April 1988

Dear Secretary of State.

THYSSEN COLLECTION

at Rep
Thank you for your letter of 13 April.

The Palumbo group has had several meetings and is formulating a report, but its work is not yet concluded. It is working towards a package offer costing some £200m which would be spread over five or six years, to provide a purpose-built gallery in either a renovated historic house or a new museum, and to buy those pictures not gifted by the Thyssen foundation. We will of course take on board your suggested sites in the report.

Before you meet the Baron on Saturday you should see the enclosed declaration which he and the Spanish Government signed on 7 April. This is an agreement between the parties to proceed, within the framework laid down, to conclude a loan of the best paintings (the A and B+ pictures) in the Collection to Madrid for up to 10 years, with options to extend or convert to a permanent agreement. The Spanish Government will refurbish and provide the Villahermosa Palace rent-free for this purpose, and the money so spent can be taken into account in any future financial arrangements.

Naturally your meeting with Baron Thyssen this week-end is extremely important since only he can tell us how watertight the arrangement is. Once you have been able to clarify the situation we can decide the next move. I believe in any event we have been seriously misled in that we were told firmly that no decisions would be taken until June.

I look forward to hearing the outcome of your discussions after which we can take early decisions.

I am copying this letter to the Prime Minister and the Chief Secretary for information.

Yours sincerely,

Kleaner Goodison

RICHARD LUCE

(approved by the Minister and signed in his absence)

ARTEFACT

D

SUE BOND
46 GRESWELL STREET
LONDON SW6 6PP
TEL 01-381 1324

NADINE STEINMANN-THOMI
FASCHENGASSE 26
CH-4059 BASEL
TEL 061 35 25 23

On April 7th 1988, the Honourable Javier Solana Madariaga, Minister of Culture of the Government of the Kingdom of Spain and the Honourable Baron Hans Heinrich Thyssen-Bornemisza (Baron Thyssen-Bornemisza) met at the Villahermosa Palace, Madrid.

The signatories hereby declare:

- I. The Thyssen-Bornemisza Collection is a collection of paintings acquired by Baron Thyssen-Bornemisza over a number of years, by inheritance or purchase. It represents a lifetime of collecting by Baron Thyssen-Bornemisza and his late father. The Collection is exceptional for its quality, value, diversity and state of conservation.
- II. The "Thyssen-Bornemisza Collection Trust" is the owner of all the paintings in the Collection.
- III. The paintings in the Collection are divided into four different categories: "A", "B+", "B-" and "C". All of the foregoing are in accordance with the lists held by the parties.
- IV. Both parties wish to enter into an agreement whereby category "A" and "B+" paintings which include the most significant paintings of the Collection be loaned to a Spanish Foundation for their maintenance and public exhibition for a period of up to ten years.

As a consequence of the foregoing and in order to establish the basis of their mutual understanding they execute this document in the following terms:

First.- The Spanish Government and Baron Thyssen-Bornemisza will create a new Private Cultural Foundation under Spanish law, domiciled in Madrid, to which the Spanish Government will provide rent-free (for the same parallel term of years as the loan mentioned in clause Three below) the use of the Villahermosa Palace and which will be endowed by the Spanish Government with sufficient capital for the refurbishment of the Palace and to provide all necessary financial resources to ensure the independence of the Foundation and to ensure that it is able to meet all its artistic and curatorial commitments.

ATTO: EILENN OFFORD

The object of the Foundation will be the exhibition and maintenance of the paintings loaned in accordance with the provisions of clause Three below. The Foundation shall preserve the international vocation and character of the Collection encouraging the periodical exhibition of part of its masterpieces outside Spain.

Baron Hans Heinrich Thyssen-Bornemisza shall be the Chairman of the Foundation's Council or Governing Body. He shall be substituted for and succeeded by his wife, the Baroness Carmen Thyssen-Bornemisza.

Second.- The refurbishment of the Villahermosa Palace shall be completed within eighteen (18) months, undertaken by the Foundation in cooperation with the Spanish Government and begin immediately after the establishment of the Foundation and the execution of the Loan Agreement mentioned in clause Three below. The approval of the Spanish Government will be required for both the Architectural Project and the final acceptance of the refurbishment.

? "L"
Third.- A Loan Agreement for a period of up to ten years shall be executed between the Foundation and the owners of the category "A" and "B+" paintings. The Foundation shall pay to the owners of the paintings as consideration for the loan an annual sum to be determined. Such annual sum will be used, in accordance with terms and conditions to be agreed, for the purchase by the Foundation of paintings of the Collection. The Loan Agreement will be conditional upon the completion and final acceptance of the refurbishment of the Villahermosa Palace.

Fourth.- In Accordance with the provisions of Article 32.1 of the Law on the Historical Patrimony of Spain (Ley del Patrimonio Histórico Español), the loaned paintings shall not be declared, by action of the Spanish Government, to be of cultural interest during the ten-year term of the Loan. Therefore, the paintings shall be free to be exhibited abroad if so decided by the competent body of the Foundation.

Fifth.- It is the intention of the Spanish Government and Baron Thyssen that the Gallery in Lugano should continue to have an important role in the activities of the Collection. The existing arrangements between the Foundation established by Baron Thyssen in Barcelona and the town of Barcelona will also be fully respected and it is hoped that the relationship between the two Foundations will be developed to their mutual advantage.

Sixth.- It is contemplated that during the period of the loan, discussions take place to explore the possibility of achieving a longer term solution, either by way of transferring ownership of some or all of the paintings to the Foundation or extending the loan for a second or further term if the initial lease arrangement works well for all concerned. In the event of such a solution being reached any payments or other compensation paid under the terms of the loan will be taken into account in any future financial arrangements between the parties.

Seventh.- In case of dissolution of the Foundation by the termination of the Loan Agreement or for any other reason, its net worth will revert, upon liquidation of the Foundation, to the Spanish State, and in such event the paintings will be free to leave Spain.

Eighth.- The parties will use their best endeavours to conclude a definitive agreement governing all important aspects of the Foundation Charter, the loan agreement and other relevant matters signed by all bodies affected by these arrangements within three months and also to establish the Spanish Private Cultural Foundation and execute the Loan Agreement of works of art and all related documents within that time.

In witness thereof, the parties sign this document, in duplicate originals, in the Spanish and English versions, both of equal validity, in the place and on the date indicated "ut supra".

The Minister of Culture

Baron Hans Heinrich Thyssen-Bornemisza

ARTS & AMEN IDEAS

Thyssen Collection Feb 88





cc *PR*

OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts

C88/2063

Miss Deborah Lamb
Assistant Private Secretary to the
Secretary of State for the Environment
2 Marsham Street
London SW1

15 April 1988

Dear Deborah,

THYSSEN COLLECTION

Mr Luce was unable, before he departed for Birmingham last night, to include detailed comments on Mr Ridley's five options for housing the Thyssen collection in his letter. I was able to consult him orally however and can let you have his views.

Mr Luce sees the Grange and the two sites in Birmingham and Docklands as the strongest possibilities. The Grange has the advantages of being a historic house which, because of its condition, would be relatively easy to convert to the standards which Baron Thyssen requires. Both the Birmingham and Docklands sites would have presentational advantages because of the economic benefits to the respective areas of siting the Thyssen collection in them.

Mr Luce understands that Lancaster House does not offer enough wall space or light to display the Thyssen pictures adequately. Wentworth Woodhouse would appear to be too remotely located to appeal to the Baron. For these reasons he feels they are not as promising as the other three.

If there is anything else you need before the week-end, please let me know. We should be very grateful for any feedback from Mr Ridley's meeting to inform a meeting of Mr Palumbo's working group early next week.

I am copying this letter to Andy Bearpark at No. 10 and to Jill Rutter in the Chief Secretary's office.

Yours ever,

Kleanor

Miss E M Goodison
Private Secretary

ARTS + AMENITIES: Thyra collection Feb 88





10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

file *ech*
Adk 13 April 1988

I attach a further letter from Sir Peter Smithers to the Prime Minister about the Thyssen Collection. I should be grateful for a draft reply in due course, but it may be better not to prepare this until after the meeting which I understand is to take place this weekend between Baron Thyssen and Mr. Ridley.

I am copying this letter to Roger Bright (Department of the Environment) for information.

(P.A. BEARPARK)

Miss E.M. Goodison,
Office of the Minister for the Arts.

✓

Prime Minister².

I have asked & asked

SIR PETER SMITHERS

6911-VICO MORCOT

SWITZERLAND

Telephone:- (091) 69-19-73

before date reply
after the Ridley's lunch with
it before this weekend.

13th April 1988.

Dear Margaret,

you will be wondering what is going on in Madrid with regard to the Thyssen Collection following your talk with Heinie! I see the position as follows:-

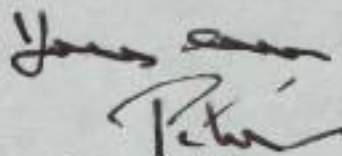
Power to sign a definitive agreement lies with the independent Trustees of the Collection. It is their duty to assure its long-term future. All three are lawyers: British (Chairman), Swiss and Luxembourgish. They are known to be strongly opposed to the idea of Madrid, for convincing reasons. A British offer would be welcome to them not only on its merits but also as an escape from Spain.

The agreement signed in Madrid, under pressure no doubt from the Baroness and the Spanish Government, is an attempt to pre-empt a British offer. It is an agreement to seek to obtain the agreement of the Trustees to something more definite. Probably knowing the views of the Trustees the Spaniards had no other card to play, and it is a bluff seeking to scare off H.M.G.. It was their only hope!

In Madrid Heinie was surprised by a carefully staged barrage of publicity designed to put him in a position from which it would be difficult to withdraw. The Spaniards went to extraordinary lengths to do this, and to give the impression that there was a de facto agreement. It is within the power of the Trustees to extract him from this situation, and to provide him with an alibi for the Baroness, if they have a firm and attractive British alternative before them.

Heinie categorically stated that he would welcome a British offer, and I believe this to have been sincere. His statement that a final decision was not imminent was true! It would be quite wrong to go back on our promise to submit a firm offer in the near future, or to throw in our hand when we hold the best cards.

Handling Heinie is a delicate matter in view of the position of the Baroness and of his own personality. Though he is not the ultimate decisive factor, he is a very important part of the act. Claude Hanks-Drielsma has handled him with the greatest skill up to this point. It is important not to make any false step now. This is such a glittering prize for Britain that we must not lose heart or make mistakes.


Peter Smithers.

The Rt. Hon. Margaret Thatcher, P.C., M.P.



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Prime Minister²

The Rt Hon Richard Luce MP
Minister for the Arts
Office of the Minister for the Civil Service
Horse Guards Road
LONDON
SW1P 3AL

13 April 1988

Dear Richard

I thought I should let you know of the progress I have made in considering possible historic buildings and other sites to house the Thyssen collection.

We have narrowed the choice down to three historic buildings: the Grange, Lancaster House and Wentworth Woodhouse, and possible sites for a new building in Birmingham, and London Docklands. The latter emerges from Jacob Rothschild's approaches to Paul Reichman, but I remain a little uneasy about the Gallery being adopted by a developer in this way.

I understand that Baron Thyssen has this week signed an agreement with the Spanish Government to negotiate to provide a temporary home for the Thyssen Collection in the Villahermosa Palace. While this inevitably raises questions about the Baron's wish to see the collection housed permanently in the UK if we are to remain in the running for the collection we must act quickly to produce for the Baron a first class presentation of the shortlisted buildings or sites. I would be happy to take the lead and, if you agree, will ask my officials to start to prepare material on these buildings and sites now.

I am copying this to the Prime Minister.

Nicholas Ridley

NICHOLAS RIDLEY



OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts
C88/1966
covering CONFIDENTIAL

OK

A Bearpark, Esq
Private Secretary
10 Downing Street
London SW1

11 April 1988

Dear Andy, ^{12/4}

You may care to see the enclosed copy of a note on the latest developments on the Thyssen collection for your own information. (The final paragraph is of course Mr Wilding's opinion and not necessarily that of my Minister). Since the note was written we have established that Mr Hanks-Drielsma has not yet been able to meet Baron Thyssen but, as I told you on the telephone, officials here are hoping to meet the Thyssen lawyer today and to obtain further details from him. I will pass on anything more they are able to learn immediately.

I am copying this letter to Deborah Lamb.

Yours ever,

Eleanor

Miss E M Goodison
Private Secretary

CONFIDENTIAL

FROM R W L WILDING
8 April 1988

cc Mr Stone
Mrs Brown
Miss Morrison

Insure

MINISTER

THYSSEN COLLECTION

Following the press reports of an agreement with the Spanish Government, Miss Morrison has spoken to Mr Hanks-Drielsma, now returned from the USA.

2. Hanks-Drielsma said that he had spoken today to the Chairman of the Swiss Foundation which owns the pictures, an English lawyer. It appeared that negotiations with the Spaniards, which had been proceeding in a fairly leisurely way, had recently been accelerated because the Baroness said more than she should to the Spanish Minister and the Minister then said more than he should to the Spanish Parliament. The Foundation was thus bounced into an agreement. But the Chairman was quite clear that the agreement constituted no more than an agreement to negotiate further within a framework of

- (a) putting the Villahermosa in order to receive the pictures
- (b) housing the pictures there temporarily
- (c) considering the terms of a possible final acquisition.

In principle therefore the field was still open for a British proposition.

3. Miss Morrison said, quite rightly, that this development made matters very difficult for the British Government. Our own Ministers would need precise information about the commitment to the Spanish Government before they could decide whether to pursue the matter. She asked for a copy of the agreement.

4. Mr Hanks-Drielsma said that he would ask for a copy. He also expected to see the Baron over the weekend, and would report to us again on Monday 11 April.

5. We need harder information before we can come to a decision. But if it is confirmed that the Spanish

Government are now to start spending money on putting the Villahermosa in order, and that there is at least something of a commitment to housing the pictures there for up to 10 years, I do not at this stage see adequate grounds on which to pursue a UK proposition. The Government will hardly be prepared to commit itself to spending £200m or more ten years in advance. And the prospect of prising the pictures out of Spain once they are lodged there does not look a real one. I must say that I wonder whether our interest has been aroused and made use of with the main object of hurrying the Spaniards along.

Rw

R W L WILDING

Arts





10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

21 March 1988

Dear Peter,

Thank you so much for your letter of 27 February and for alerting me to the exciting possibility of the Thyssen Collection coming permanently to Britain.

I am very interested in this idea and Richard Luce has set up a working group to look at possible approaches. I took the opportunity of his visit to London for the exhibition of his pictures at the Royal Academy, to meet Baron Thyssen myself and we discussed a number of possibilities.

We are now taking this forward with all speed and Richard Luce is in touch with Claud Hankes-Drielsma.

Thank you again for contacting me on this.

With very best wishes,

Yours ever
Margaret

Sir Peter Smithers, V.R.D.



OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts

C88/1640

A Bearpark Esq
Private Secretary
10 Downing Street
LONDON SW1A 2AA

17 March 1988

Dear Andy, *per Lyne*

THYSSEN COLLECTION

Thank you for your letter of ¹⁶ March and its account of the meeting between the Prime Minister and Baron Thyssen-Bornemisza.

My Minister held a follow-up meeting with Mr Palumbo and Mr Hanks-Drielsma this morning to agree next steps. They concluded as follows:

- Mr Palumbo's group will now work up a concrete proposal to put to the Baron by the first week in May at the latest;
- the group will consider the possibilities of both a brand-new building and the conversion of a prestigious existing one;
- Mr Jefferson of the Department of the Environment will be invited to join the working group as suggested by the Secretary of State to advise on possible buildings;
- Mr Hanks-Drielsma will provide a note on the possible options as regards purchase of the "B" collection, including spreading the cost over a number of years.

Mr Hanks-Drielsma mentioned that the Prince of Wales had written to Baron Thyssen offering his support in bringing the Collection here. Mr Hanks-Drielsma is apparently in direct touch with the Prince of Wales's office.

It was agreed that it would be preferable to keep the fact that the government was preparing a proposal as quiet as possible at this stage. Newsnight interviewed Mr Luce last night at the opening of the Thyssen exhibition at the Royal Academy and he maintained the line that the government was interested in the possibility of the Collection coming here but that any decision was a matter for the Baron. If pressed, it might be said that the government was prudently examining the options. The Baron has announced that he is deferring a decision in the hope of reducing speculation.

After the main meeting, my Minister had a private word with Mr Palumbo and Mr Hanks-Drielsma about the latter's role. He confirmed that we would be ready to continue to treat Mr Hanks-Drielsma as a linkman with Baron Thyssen, but made it clear that he must not claim to represent the British Government unless specifically asked to do. Mr Hanks-Drielsma accepted this. I gather that the Secretary of State for the Environment may be seeing him briefly on Sunday and he may wish to confirm this position.

We spoke about your final point and you will liaise direct with the Royal Academy about a possible visit to the exhibition by the Prime Minister.

... I think the time is now ripe for the Prime Minister to reply to Sir Peter Smithers' letter and I enclose a draft.

I am copying this letter to Jill Rutter (Chief Secretary's office), Deborah Lamb (Secretary of State for the Environment's office) and Trevor Woolley (Sir Robin Butler's office) and I will of course continue to keep them in touch with progress.

*Yours ever,
Eleanor*

MISS E M GOODISON
Private Secretary

D R A F T

Sir Peter Smithers
6911 Vico Morcote
Switzerland

AVP

So
Thank you ~~very~~ much for your letter of 27 February and for alerting me to the exciting possibility of the Thyssen Collection coming permanently to Britain.

I am taking this idea very seriously and Richard Luce has set up a working group to prepare a concrete proposal which we could put to Baron Thyssen as soon as possible. I took the opportunity of his visit to London for the exhibition of his pictures at the Royal Academy to meet Baron Thyssen myself and we discussed a number of possibilities.

We are now taking this forward with all speed, ^{and} Richard Luce is in touch with Claud Hankes-Drielsma. I am sure we can come up with a positive response.

Thank you again for contacting me on this.

With very best wishes



RESTRICTED

Seen by PAB

PRIME MINISTER

THYSSEN COLLECTION

I had dinner with Baron von Thyssen last night. He was grateful to you for seeing him and clearly enjoyed the meeting. But it was quite clear that, if we are to secure the collection for the United Kingdom, it will have to be in or very close to London.

I should also record that Mr. Hanks-Drielsma telephoned in some agitation this morning. He felt that the discussion at the meeting had got rather out of hand with Mr. Ridley's rather random suggestions for possible sites. It would be necessary to give Thyssen, who was notoriously indecisive, a single firm recommendation. The only feasible choice was between the London or Birmingham area. It would be necessary to move quite quickly: there was a meeting of the Thyssen Trustees due in June (although we were not supposed to know this). His own contacts with the family showed that several of them, including the son, were definitely against Spain. Baroness von Thyssen - fifth edition - was of course pressing very strongly for Madrid.

(C. D. POWELL)

16 March 1988

RESTRICTED

12 SKW
SUBJECT CC MASTER



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 March 1988

De Eleanor

THYSSEN COLLECTION

As agreed the Prime Minister met Baron Thyssen-Bornemisza for a drink yesterday evening. The Baron's wife was not present but Mr. Hanks-Drielsma was. Your Minister and the Secretary of State for the Environment were also present.

The meeting took the form of a general chat about the possible future of the Thyssen Collection, and the variety of sites that could be found within the United Kingdom. Specific points worth recording are as follows:

(i) the Baron had not yet decided on a permanent home for the Collection and indeed he might not do so for some time. It was possible that he would go for an interim temporary solution, while negotiations continued with other members of the family on what proportion of the pictures should be given away and what proportion should be charged for;

(ii) insofar as permanent solutions were being considered, proposals had been received from various countries including Spain, Germany, Italy and America. If possible the Baron favoured Europe, but discussion on the relative merits of the European countries was not particularly conclusive;

(iii) it was agreed that there was a marginal preference for an existing beautiful building to be used but it was accepted that the costs of conversion would probably be more than the cost of building new;

(iv) the Baron agreed that he would be pleased if the United Kingdom came up with a firm proposal by around the end of April which he would then arrange to be considered. The Prime Minister commented that one should not rush these things but we would try to put a package together.

Following the Baron's and Mr. Hanks-Drielsma's departure, the meeting considered a long list of possible sites for the Collection. The one that seemed to find the most favour was Lancaster House, but it was agreed that your Minister and the Secretary of State for the Environment, would consider various possibilities in conjunction with Mr. Palumbo's group. The requirement for a substantial amount

12

of funding to purchase the Baron's Collection was also noted at this stage. It was agreed that the various possibilities for raising this money would have to be studied very carefully, and there was no commitment to any one particular course of action.

I should also recall in this letter a couple of points that emerged later on. The first is that in the course of a dinner last night it became clear from the Baron that if we are to secure the Collection it will have to be in or very close to London and, secondly, we have had a telephone call from Mr. Hanks-Drielsma who confirmed the point about location (although he included the possibility of Birmingham) and stressed that it would be necessary to move quite quickly as there was a meeting of the Thyssen Trustees due in June - this information is I think confidential.

Action on this project now lies with your Minister, and Mr. Palumbo's group. But I know that the Chief Secretary's office will want to be kept closely in the picture with regard to any possible expenditure of public funds, and the Department of the Environment will continue to advise on possible buildings. I know that the Prime Minister would also like to be kept in touch with the progress in negotiations.

There are two further specific points. The first is the position of Mr. Hanks-Drielsma. My original impression had been that he was acting on behalf of the Baron, but the events of the last 24 hours suggest that this is not the case, and that his view is that he is acting on behalf of the British Government in negotiating with Baron Thyssen. You will doubtless wish to consider whether this is the most appropriate way to proceed. And, lastly, the Prime Minister did indicate an interest in possibly visiting the current exhibition of Baron Thyssen's paintings. Could you please let me know the exact dates of this, and who I should contact if it is possible to find a time for her to visit it.

I am copying this letter to Jill Rutter (Chief Secretary's Office), Deborah Lamb (Department of the Environment) and Trevor Woolley (Cabinet Office).

Tom

Am

(P. A. BEARPARK)

Miss Eleanor Goodison,
Office of Arts and Libraries.

PRIME MINISTER

Tomorrow evening at 6.00 Baron Thyssen is coming to see you accompanied by his wife and by Claude Hanks-Drielsma. Mr. Luce will also be present.

You will see from the attached briefing papers that the estimated cost of obtaining the Thyssen collection for the UK is some £200 million including £35 million for a building. The briefing is not particularly optimistic on the amount of private sector funding that might be obtained, although the letter from Hector Laing at Flag A is enthusiastic.

The purpose of this meeting is really a preliminary courtesy call by Baron Thyssen. The proposed line is "that we are delighted to hear that there may be a possibility ... extremely interested ... making careful assessment ... hope to put together proposals soon ...".

Catalogues of the collection are attached.

I suggest you hold the meeting in the White Room, and you may indeed wish to offer the Baron and his party a drink following the Budget.



(P.A. BEARPARK)

14 March 1988



FROM: CHIEF SECRETARY
DATE: 14 March 1988

PRIME MINISTER


THYSSEN COLLECTION

I have seen the correspondence between your office and Richard Luce's about the possibility that the Thyssen collection might be permanently located in this country.

2 Obviously there are very great attractions in the idea that we should secure such a major collection. But it is now becoming apparent that the cost may be very high, and high enough to make us think very seriously about the implications before entering into any commitment. I understand that a very preliminary estimate of some £200 million has been made, representing mainly the cost of the paintings which Baron Thyssen would want us to pay for, and partly the cost of a suitable building. But that figure could obviously prove to be an underestimate. We appear to be in competition with the Getty Museum among others; and it would not be surprising if the building turned out to cost a lot more than the £35 million which has been mentioned. We could well be contemplating another arts project on the scale of the British Library, which is costing well over £300 million.

3 We must also bear in mind that readiness to incur expenditure on this kind of scale could well strengthen pressures for greater public munificence in other areas. We will therefore need to consider Baron Thyssen's proposal very carefully once the detail of it is fully clear. It may be that any preference which he may have for the UK might be reflected in more favourable terms, possibly within range of what might be met from private sources. But if not, we are clearly being invited to enter into a very large spending commitment.

4 I am copying this minute to Richard Luce and to Sir Robin Butler.


JOHN MAJOR



CCB/ur
OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts

C88/1535

A Bearpark Esq
Private Secretary
10 Downing Street
LONDON
SW1A 0AA

14 March 1988

Dear Andy,

THYSSEN COLLECTION

The Prime Minister has agreed to meet Baron Thyssen-Bornemisza tomorrow evening at 6.00pm. As briefing for this meeting I ... enclose a note of the key points to bear in mind, including a line to take, together with the preliminary assessment of the working group convened by Mr Luce to consider a proposition for the future of the collection.

As agreed with you, Mr Luce will attend the meeting. The Baron will bring his wife with him and Mr Hanks-Drielsma of Price Waterhouse who has acted as liaison point between us and the Baron so far. The Prime Minister may wish to confirm at the meeting that the Baron is content for Mr Hanks-Drielsma to continue to fulfil this role.

We will submit a draft reply to Sir Peter Smithers in the light of the outcome of this meeting.

I am copying this letter and enclosures to Jill Rutter (Chief Secretary's office) who will I think be sending you a separate note and to Trevor Woolley (Sir Robin Butlers' office).

Yours ever,

Eleanor

MISS E M GOODISON
Private Secretary

PRIME MINISTER

MEETING WITH BARON HANS HEINRICH THYSSEN-BORNEMISZA:

15 MARCH 1988

1 The Baron is in London for the opening of the exhibition of 50 of his pictures at the Royal academy.

2 He had assumed that the UK would not wish to make a bid for housing his picture collection. He has now been advised that we are considering whether an offer could be made.

3 The Collection (see catalogues) would be the greatest art acquisition this century. The possibilities of an offer are under urgent examination by a working party chaired by Peter Palumbo: preliminary report below.

4 The preliminary assessment is that it would cost around £200m to satisfy the Baron's requirements. This would be new money, outside the arts programme. For this the UK would receive a Collection valued by Sotheby's at \$1.2 billion.

5 The cost would have to be met by a combination of public and private funding. The private sector might be prevailed on to contribute a building (£35m) but in Palumbo's view only if pressure were exerted at the Prime Minister's level. The remaining payments for purchasing the (B) pictures in the Collection (£150/£170m) could probably be staged over 5 years or so, if necessary.

6 The Baron would apparently be interested in locating the Collection in an inner city, where it would be a major investment and tourist attraction. The Burrell Collection in Glasgow attracted over 1 million visitors in its first year (though the figure fell to 700,000 in 1986/87).

7 The Baron's statement in today's Times that he has discontinued discussions with other contenders is intended to forestall fresh bids from them. It does not apply to an offer from the UK.

Line to take

8 We are delighted to hear there may be a possibility of this great Collection coming to the UK. We are extremely interested, and making a careful assessment of the costs and options, and hope to put together a proposal in the next few weeks.

9 The Baron should expect no more than this at the present stage.

MINISTER

THYSSEN COLLECTION: PRELIMINARY REPORT

Your working party on the possibility of bringing the Thyssen Collection to the UK met on 11 March. Present were Sir Nicholas Goodison, Sir Mark Weinberg, Professor Brian Morris (Museums and Galleries Commission), Neil MacGregor (National Gallery) and Martin Drury (National Trust). Mr Hanks Drielsma also attended.

Ownership

All the pictures were vested at present in a 1986 Trust, registered in Bermuda. The Baron would ensure that all the 233 (A) pictures at present on loan to the Foundation in Lugano would transfer to a new UK Trust; but the family, as beneficiaries of the (B) and (C) pictures (about 1000) would expect these to be purchased as part of the settlement. Apart from a few that they might wish to retain, the deal would have to contain an offer based on a valuation of all these pictures.

Valuation

The Sotheby's valuation of the total Collection (A, B and C pictures) was at \$1.2 billion; within this sum the (A) pictures were valued at "nearly \$1 billion"; the offer to the beneficiaries for the (B) and (C) pictures would require to be between \$200 and \$300 million.

These were very large sums which would have to be weighed carefully. Unless the UK is prepared to put up figures of this order in a firm proposal the Baron would not be interested; but if we were able to he would be likely to favour the UK. The offer for the (B) and (C) pictures would be expected either as a single payment or over a limited period (I guess not more than 5 years).

Capital Provision

The Baron had no fixed views about whether a new building or a refurbished historic house would be suitable. The Courtauld Gallery was almost certainly too small. The Baron was not against an inner city location provided it was suitable. The Burrell Collection was cited as an example, which had brought large and identifiable benefits to Glasgow.

The Baron envisaged a Gallery which charged members of the public, as a contribution towards running costs, as in Lugano. He would not expect the Collection to be insured: there was no insurance for the Collection in Lugano.

Other proposals

A Palace opposite the Prado had been offered, which would need very substantial renovation; it was not particularly favoured by the Baron although his present wife was Spanish.

An offer of an old Schloss had been made by Stuttgart and was being pressed by Chancellor Kolh (who flew to see the Baron); but Germany was unpopular with several members of the family. The Getty proposals were also not particularly favoured because it was felt the Getty Foundation was not a reliable body.

Size and style of the Museum

60-70,000 sq ft were required. We have discussed the possibility of private backing and will be approaching a number of wealthy individuals informally: among those interested is the Duke of Westminster. The likelihood of substantial private funding for a collection of this magnitude which would remain in a private trust we consider remote.

Baron Thyssen wishes the Collection to be vested in an independent trust which he would chair and to which he would appoint at least 50% of the members. This raises questions of the extent to which the Government could accept such an arrangement if it provided substantial funding.

Timing

The family are likely to reach a decision on location at a meeting at the end of June. It would be desirable to have a UK proposition on the table within the next 6-8 weeks.

Financial options

The working party estimated the financial requirements as follows

- £35m for new or converted building (including VAT and fees)
- £150/170m to acquire the (B) and (C) pictures
- possibly £5m pa running costs (offset by charges for entry)

Figures of this order present a major problem for the Government; but we understand that they are on the table from other countries: the Getty Museum (California) has offered \$300m together with a new museum; Germany (Stuttgart) and the Spanish Government have made similar offers.

Realistically, therefore, the UK has to be able to put on the table an initial offer of £200m plus running costs to be a serious contender. We gave preliminary consideration to three possibilities:

- (a) a Government contribution of £100m matched by an equivalent sum to be raised in the private sector. The Committee felt that such a possibility was totally unrealistic. No private sector contribution for

the arts in this country has exceeded £15m. It has taken four years to raise £5m for the Courtauld Galleries; the National Trust's maximum private contribution has been £1.6m for Kedleston. We therefore do not think a 50.50 apportionment is possible;

- (b) the Government might offer to buy the (B) pictures and to meet running costs, leaving the private sector to provide £35m for buildings. The view of the working group, however, was that even £35m, within the timescale available, was beyond the reach of private sector contributions. It would require five or six major donations of £5m for wings in a new building for the Thyssen Collection, and these were not likely to be forthcoming.
- (c) the Government should accept that this was a unique opportunity to acquire for a fraction of its market value (\$1.2 billion) the most important private collection in the world. This would require an immediate Government commitment of £200m, which would probably secure the deal.

We shall be exploring these options further. At this stage our view is that only a major Government commitment on the lines of (C) is likely to be effective. This would need to be a ring fenced commitment, entirely outside the existing arts programme. But it would bring great benefits to the city where the Collection would be housed, similar to those already being obtained by Glasgow through the Burrell Collection.

We shall report further when we have considered the options more fully.

P PALUMBO
11 March 1988



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 March, 1988.

I am just writing to acknowledge receipt of your letter of 10 March to the Prime Minister. I will of course show this to her tonight, but I thought I should tell you now that she has already become personally involved, and will be seeing Baron Thyssen and Claude Hanks-Drielsma tomorrow.

(P.A. Bearpark)

Sir Hector Laing

Business in the Community

227A City Road
London EC1V 1LX

Telephone: 01-253 3716
Facsimile: 01-253 2309

President: HRH The Prince of Wales



R14/3

The Rt.Hon. Margaret Thatcher, MP,
10 Downing Street,
London S.W.1.

10th March 1988

Dear Prime Minister,

As you may recall, Claude Hanks-Drielsma is chairing our BiC Target Team to co-ordinate the voluntary sector part of your Inner City Initiative.

I think you may also have heard that he is trying to secure the Thyssen Collection for this country. Clearly the impact that a collection of this importance would have, especially if it could be located in one of the "Inner City" problem areas, would be immense. We are beginning to find considerable enthusiasm for this, particularly amongst business leaders who understand the potential, and of course our President, The Prince of Wales, is fully behind Claude's initiative.

I am writing to urge you to become personally involved, because this would be the best way to ensure that Baron Thyssen takes the bid from Britain seriously.

Yours Sincerely
Hector Laming

PRIME MINISTER

Baron Thyssen will be in the UK next week,
and Richard Luce has suggested that you should
indeed see him to discuss the possibility
of the Thyssen Collection coming to the UK.

We could squeeze this in without too much
difficulty on Budget Day late morning.

Content to see Baron Thyssen then? And for
Mr. Luce to be present?

1800

POB

P.A. BEARPARK

10 March 1988

→ Arab League (7)

11.30

Sir Peter SMITHERS
15/3



FILE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 March 1988

cfp?
NOT CK
GR to keep

Thank you for your letter of 4 March about the Thyssen Collection. The Prime Minister has seen this and has confirmed that she is content with your Minister's proposed course of action.

I have also seen Paul Cuthbert-Brown's letter to you of 7 March.

As I explained on the telephone I think it would be useful for the Prime Minister to send a further reply to Sir Peter Smithers within the next few days. I should be grateful if you could let me have a suitable draft when you judge it appropriate.

I am copying this letter to Jill Rutter (Chief Secretary's Office) and Trevor Woolley (Cabinet Office).

(P.A. BEARPARK)

Miss E.M. Goodison,
Office of the Minister for the Arts.

JA



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. A088/762

7 March 1988

Dear Eleanor

Thyssen Collection

Mr Claude Hanks-Drielsma called as arranged this morning on Sir Robin Butler and raised the question of the future location of the Thyssen Collection. He left a further --- aide memoire (copy attached) outlining the latest developments.

Mr Hanks-Drielsma raised the specific suggestion that, in order to give the British bid for the Collection an initial impetus, the Prime Minister should receive Baron Thyssen, and possibly his wife (though he suggested that the decision on the attendance of his wife should be left to the Baron), during Baron Thyssen's visit to Britain in the week 13-17 March.

In view of the immediacy of the matter, no doubt the Minister for the Arts will wish to offer the Prime Minister very early advice on this suggestion.

I am copying this letter to Andy Bearpark in No 10.

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

TEMPORARILY CONTAINED 5/Jan 22/7/2016

*Yours sincerely
Paul*

(Paul Cuthbert-Brown)
Assistant Private Secretary

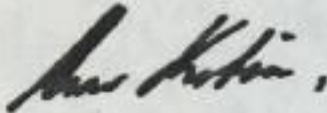
Miss E M Goodison
Office of Arts and Libraries

1 GROSVENOR PLACE
LONDON SW1X 7JB

TELEPHONE: 01-235 9021

7th March 1988

Sir Robin Butler, KCB, CVO
Secretary to the Cabinet and
Head of the Home Civil Service,
70 Whitehall,
LONDON SW1

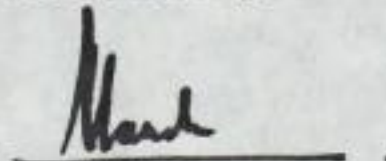


Further to my letter of the 1st March, I enclose a brief background memorandum which might be helpful.

In the case of both Bonn and Madrid the matter has been dealt with at the most senior level, and Chancellor Kohl is on the public record as having stated that negotiations are going well (I can provide further background information on this verbally if required).

Time, strategy and tactics in negotiations with the Baron will be crucial. I would recommend that not only does a letter go from the Prime Minister to Baron Thyssen shortly, but furthermore, if at all possible, a brief meeting with Baron Thyssen between the 13th-17th March would be an important step forward.

Yours sincerely,


Claude Hanks-Drielsma

Enc.

BACKGROUND MEMORANDUM

THYSSEN-BORNEMISZA COLLECTION FOR ENGLAND

For a considerable time, Baron Thyssen has considered moving his Collection from Switzerland. It was fully reported in The Economist of 9th May 1987 and the article referred to the offer that Spain had made.

A number of countries have made firm proposals during the last twelve months. There are approximately ten proposals, of which roughly three are receiving serious consideration.

On 13th April 1987 Sir Peter Smithers was at a private dinner with the Baron and Baroness and raised the possibility that the Collection might be housed in England. Both were interested in the idea but their subsequent enquiries in England, which certainly included The Hon. Jacob Rothschild, received a negative and discouraging response.

In late January this year, Claude Hankes-Drielsma was staying with Sir Peter and Lady Smithers in Lugano, and became aware that negotiations about the move of the Collection were reaching finalisation. At a subsequent lunch with the Director of the Museum, he discovered that there was no proposal from England. He also managed to identify some of the key proposals at that time. These included Barcelona, Madrid, Bonn, Stuttgart and The Getty. Clearly detailed and final proposals had been put forward to Baron Thyssen.

CDH-D discussed the idea with Sir Peter Smithers and decided to take some positive action as he felt it was totally unacceptable that, with a Collection of such magnitude and importance, England had not put in a proposal of any kind, nor had made any significant effort in this regard.

After consulting with a number of people, including the former Director of the Museum, CDH-D telephoned Baron Thyssen and arranged to lunch with the Baron and Baroness on Friday, 26th February. Discussions lasted five hours. A meeting of the family, i.e. the Trustees of the Foundation, was scheduled for Tuesday, 1st March, to review the proposals.

It was clear from the discussions that Baron Thyssen, as a result of the negative response, ^{he had had,} had totally discarded the possibility of the Collection going to England. CDH-D informed him that, contrary to the information he had received, England would be extremely interested in housing the Collection, and he was convinced that a proposal could be put forward which would match Baron Thyssen's requirements and wishes for the future of his Collection. He also emphasized that he was confident this could be done in a short period of time. It was clear that both the Baron and Baroness would welcome a formal British proposal, and Baron Thyssen gave a firm promise to CDH-D that the British proposal would have an equal chance of succeeding.

CDH-D is convinced that if the negotiations with Baron Thyssen are handled correctly, the tactics and strategy carefully worked out, and that our proposal not only meets the requirements but also demonstrates that we can be decisive and positive within a very short time scale appropriate to an opportunity of such significance, England can and will secure the Collection.

Following the meeting on Friday, 26th February, papers providing information about the Collection were sent by Paul Coleridge, the Baron's legal adviser in London, to CDH-D at his home address in Oxfordshire. CDH-D also spoke to the Baron on Sunday, 28th February, and by Monday morning, 29th February, had received a detailed list of the paintings involved.

On Monday, 29th February, a personal letter from Sir Peter Smithers to the Prime Minister, Mrs. Margaret Thatcher, was delivered to Downing Street, referring to CDH-D's visit with Baron Thyssen.

On Tuesday, 1st March, CDH-D wrote to Sir Robin Butler (Secretary to the Cabinet),. He also wrote to the Minister of Arts, the Rt. Hon. Richard Luce, suggesting a meeting that week.

At a Reception at Buckingham Palace on Tuesday, 1st March, CDH-D had an opportunity of raising the issue with the Minister of Arts, who informed him that, as a result of discussions he had had with Lord Gowrie in the past, he had gained the clear impression that Baron Thyssen would never consider the possibility of sending his Collection to England. (This total misunderstanding of the position probably arose as a result of a dinner in Lugano at which Lord Gowrie was present, when it appeared that the Collection would go to Spain.)

At 9.30 p.m. on 1st March, CDH-D met with the Minister at the House of Commons and briefed him on the situation. He also handed to him a copy of The Economist article and the letter he had received from Paul Coleridge.

CDH-D recommended that if at all possible the Prime Minister should arrange to see Baron Thyssen when he visits London the week of 13th-17th March, and should write to Baron Thyssen referring to his meeting with CDH-D.

The Minister will consult with a number of people to ascertain whether they would be available for a meeting with him and CDH-D to discuss the matter and be available to advise.

The Minister gave his total commitment to supporting this project in every way.

CDH-D also raised with the Minister the tremendous impact this Collection could have if it was housed in one of the inner city problem areas. Because of CDH-D's involvement with the inner cities, in particular as Chairman of one of the Business in the Community Target Teams, CDH-D strongly favoured an initiative of this kind.

However, the most important objective was for England to secure the Collection, and therefore we should have available a number of options.

It was agreed with the Minister that CDH-D would have overall responsibility for the negotiations and discussions with Baron Thyssen. Also, that it was crucial that no meetings or discussions took place without CDH-D being present, and without having prior discussed and agreed the tactics and strategy with him.

Both the Minister and CDH-D would be present at the Reception and Dinner at the Royal Academy hosted by Baron Thyssen on 16th March.

CDH-D also informed the Minister that he had had an opportunity of discussing the Collection with The Prince of Wales recently, and that the matter would be raised again with him on Thursday, 3rd March, with the idea of The Prince of Wales not only being involved, but also acting as Patron of the future Collection and Foundation.

On 3rd March at 6.00 p.m. the Minister telephoned CDH-D and informed him that a paper had been produced for the Prime Minister, who would be considering the matter over the weekend, and the position would be known early the following week.

CDH-D informed the Minister that he was in the process of discussing the matter in confidence with some key people with regard to private sector funding, including Hansons, Sir James Cayzer, The Duke of Westminster and Lord Vestey. CDH-D was also strongly supportive of the Minister involving Peter Palumbo. CDH-D had raised the matter with Peter Palumbo several weeks ago, as a result of which the latter had written to the Minister of Arts on 22nd February.

4th March 1988



10 DOWNING STREET

PRIME MINISTER

You did not initial the
attached note.

Are you happy for Mr. Luce
to take this course of action?

PL

PAB

7 March, 1988.



CP?
N/T CF
OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts

C88/1350

P A Bearpark Esq
10 Downing Street
LONDON
SW1A 2AA

Prime Minister

Content with this approach?

Yes no

4 March 1988

POB
7/3

Dear Andy,

THYSSEN COLLECTION

Thank you for your letter of 1 March. Claude Hankes-Drielsma has also discussed these exciting possibilities with my Minister.

Mr Luce proposes to take matters forward urgently by convening a small high powered working group led by an entrepreneur (probably Peter Palumbo) who would be charged with formulating a proposition, in further discussions with Claude Hankes-Drielsma. Others whom he has it in mind to invite to take part include Sir Nicholas Goodison, Sir Mark Weinberg, Professor Brian Morris, Mr Angus Stirling and Mr Neil MacGregor (only Mr Palumbo has so far been approached). The OAL would be represented and would service the working group.

We hope that the group can move quickly enough to enable Mr Luce to form at least a preliminary impression of feasibility before Baron Thyssen visits this country in the middle of March. Mr Luce hopes to have some personal discussion with Thyssen in the light of their discussion.

... I enclose a slightly fuller note about the task we shall ask the Working Party to undertake. One obvious and important question is the extent to which it will be practicable to raise private support for the funding of the proposed Thyssen-Bornemisza Foundation. The Prime Minister should also be aware that a large capital sum is being requested to buy 500 'B' quality paintings from the heirs as part of the deal. We must rapidly assess the merits and likely costs of that stipulation.

We shall ask the group to take a thorough look at the total costs, both capital and recurrent, the prospects for private funding and the probable size and shape of any contribution from public funds. Mr Luce will of course keep in close touch with the Chief Secretary over the formulation of any possible deal; and will report again as soon as possible.

My Minister would be grateful to know whether the Prime Minister is content for him to proceed in this way. I am copying this letter to Jill Rutter and Trevor Woolley.

Yours ever,
Eleanor

MISS E M GOODISON
Private Secretary

THYSSEN COLLECTION

The Proposition

The 'A' paintings in the Thyssen Trust (233 masterpieces) should be transferred to a new and independent Foundation to be set up in the UK, fully provided and endowed. In addition a once-for-all capital donation or annual injections of capital should be provided to enable the new Foundation to acquire from the Thyssen heirs a substantial proportion of the 'B' pictures (presumably between 200 and 500 out of 1000).

The gallery requirement is for a modern museum, fully secure and air-conditioned with non-exhibition space for archives, lectures, cafeteria, shops etc. It should have appropriate staff and technical facilities and be open to the public throughout the year in a suitable cultural environment. It should also be free-standing and not connected with other collections. There should be an adequate guarantee of long-term funding in respect of running costs and other activities. It would be run by a Foundation Council in which the Thyssen Trust has a majority of members.

Proposed Course of Action

(1) A planning committee should be set up urgently to examine the proposition in greater detail.

(2) The Committee should examine the options of

- (a) acquiring and renovating the Courtauld Galleries
- (b) finding some other Gallery building (possibly via the National Trust).

(3) The Committee should make immediate preliminary costings for the acquisition of the gallery, its long-term running costs and the endowment fund needed to purchase the 'B' pictures, in discussion with Claude Hankes-Drielsma.

(4) The Committee should draw up provisional proposals for meeting the identified costs. The first priority should be to examine the prospects for private sector funding of the proposed Foundation. In addition the Committee should identify any probable requirement for supplementary Government funding, including the size, nature and timing of such a contribution,

(5) The Committee should bear in mind questions of location, including the desirability of a site outside London, access by the public and any consequent advantages in terms of employment and tourism.

(6) A note on the options should be submitted to the Minister for the Arts as soon as possible for discussion with the Chief Secretary and thereafter with the Prime Minister, to see whether there is a basis for working out a more detailed proposition.

Eleanor would like to know
PM's reaction on Monday.

de K

S. Peter SMITHERS

4/3



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 March 1988

I attach a letter from Sir Peter Smithers about the Thyssen Collection. The Prime Minister saw this last night and has commented that we must take advantage of this possibility. She feels that we lost the Gulbenkian Collection because we did not act quickly enough, and feels that if we can do anything about this Collection it would form part of our "2000" celebrations. The Prime Minister is quite happy to see Claud Hankes-Drielsma if necessary but has first asked for urgent advice from your Ministers, in coordination with the Treasury. I should be grateful if you could let me have a note by the weekend.

I am copying this letter to Jill Rutter (Chief Secretary's Office, HM Treasury) and Trevor Woolley (Cabinet Office).

P.A. BEARPARK

Miss E.M. Goodison,
Office of the Minister for the Arts.

SW

1 March 1988

The Prime Minister saw your letter of 27 February last night. She has asked me to thank you for this, to say she is looking at the matters you raise urgently and that a further reply will follow in due course.

P.A. BEARPARK

Sir Peter Smithers

He must take advantage of this
possibility. We lost Gullbenkian's collection
to Portugal - because we did not contribute.

SIR PETER SMITHERS 6911-VICO MORCOTE

I am happy to see Claude SWITZERLAND

Hankes - Drielsma. Telephone:- (091) 69-19-73

PERSONAL & CONFIDENTIAL

My dear Margaret,

27th February 1988.

it is some years since I last wrote to you, understanding all too well your problem with time and effort. But the matter of this letter is of such immediate importance for our country that I have no hesitation in asking you to give it your blessing.

The Thyssen Collection of Old and Modern Masters is the most important private collections of paintings in the world, valued last year at over one billion dollars. My neighbour Heinie Thyssen has been searching for some time for a solution to its permanent disposition. Its present location is unsatisfactory. About ten proposals have been made from various countries, of which three are receiving serious consideration.

Last year I dined 'en famille' with Heinie on his birthday and discussed with him and Tita the possibility that the Collection might find a permanent home in England. Both Heinie and Tita seemed to think the idea interesting, but it appears their subsequent enquiries in England received a negative and discouraging response. Astonishing!

The country which ultimately receives this Collection will make by far the greatest Fine Arts acquisition of all time. I discussed this recently with Claude Hankes-Drielsma, and he has since been studying the feasibility of an English venue. He is convinced that with a positive and constructive approach and with appropriate support, the financing of a Museum in England to house the Collection could be achieved. This would involve a major contribution from the private sector. For a location there are various possibilities, amongst them the centre of the Inner City Problem Area. The Collection would become the property of a Foundation and would be permanently located in England. In effect Britain would acquire a billion dollar asset of increasing value for a small fraction of its present worth. I need not emphasize to you the immense importance, socially and financially, of such a coup!

Yesterday Claude was invited to lunch with Heinie to discuss the matter. Heinie was surprised and delighted to hear that the possibility of an English venue did after all exist. It was clear from his reactions that, though we are late in the field, he would welcome a British proposal, but that we would have to get our act together quickly.

I feel that your known support for this project would certainly have great weight in the raising of funds and in Heinie's final decision. Given the immense importance to Britain of such an acquisition, I hope you may find a few moments to discuss the matter with Claude Hankes-Drielsma who has charge of the negotiations with Heinie. He will of course be in touch with Richard Luce in due course. Is this not a truly exciting possibility?

Yours ever
Peter

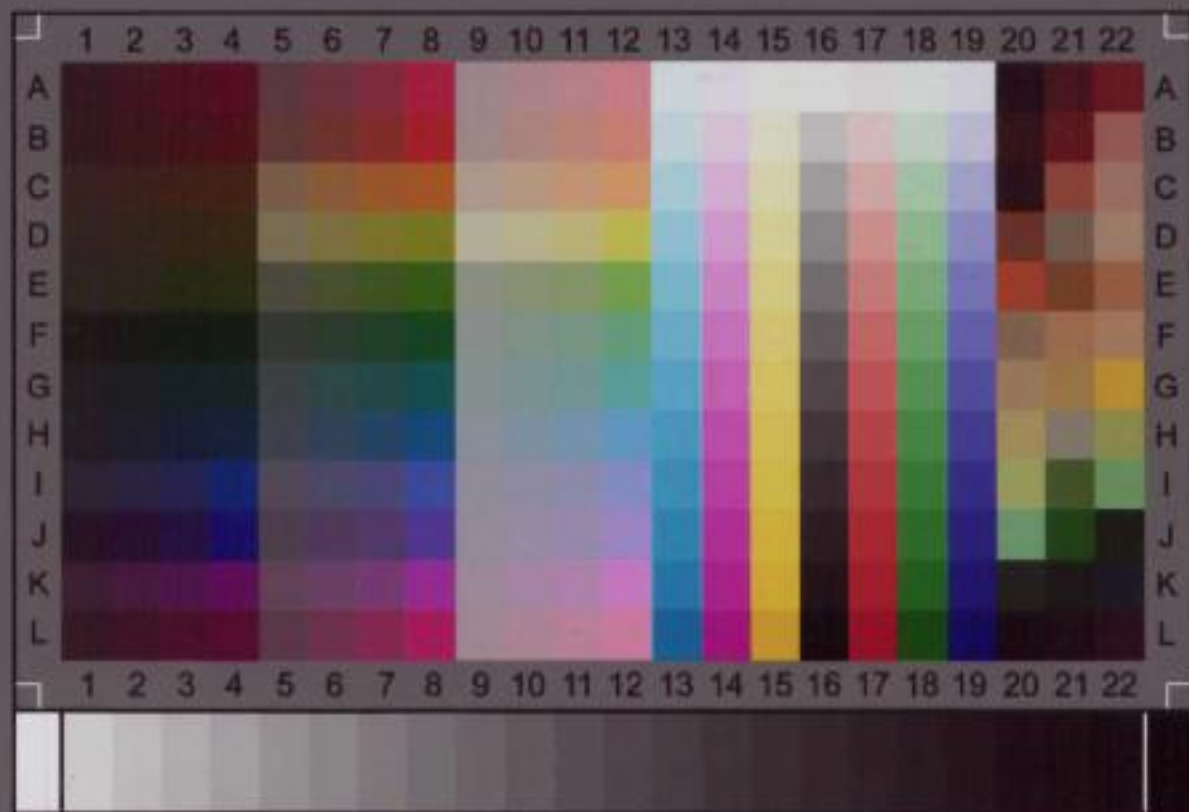
Peter Smithers.

Rt. Hon. Margaret Thatcher, M.P.

Fine Master
If you agree,
I will ask

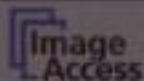
then to
Richard Luce
for advice

CDP
27/2



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