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SUBJECT.



10 DOWNING STREET

From the Private Secretary

6 March 1980

Lord Drogheda and Sir Claus Moser called on the Prime Minister today to discuss the Covent Garden Development Appeal.

The Prime Minister listened to their case. She made it clear that she considered current levels of Government support very generous, and that the previous Government had left no firm commitment to future funding, despite Sir Claus Moser's references to an implied agreement to contribute flm per annum.

Sir Claus explained that funds were available to continue building until December, but that a further £500,000 would be required for the final quarter of the current financial year, and around £3m. for the following financial year, which should see the conclusion of phase 1. Phase 2, costing around £20m., would require some associated commercial development if there was to be any chance of covering the financial requirement. Covent Garden would be approaching the Chancellor about this before too long. He based his argument for further Government support for phase 1 on the theme that the site and the building now belonged to the nation, and that the business of the Covent Garden authorities should be to meet the recurrent expenses of top class opera, not to raise funds for restoring a national monument. Without significant new funding, they would have to call a halt to building in June.

The Prime Minister encouraged them to press for potential private donors harder. She recognised their problem, and agreed to look further into the matter, without giving any undertaking whatsoever. Sir Claus Moser said that he would write to her setting out the financial flow projections.

Sir Claus Moser did indicate to the Prime Minister that the Chancellor of the Duchy had held out some prospect of additional support as a result of under-spending elsewhere in the Arts budget. Although the Prime Minister did not encourage this idea at the time, she would be prepared to contemplate some further support

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for the rebuilding of the opera house if this could be found within the financial allocations already agreed for the Office of Arts and Libraries. She would also like to consider two other suggestions floated in her conversation. One was that the cost of restoring the building might properly be seen as a historic buildings cost, not an Arts one, in which case it might be carried on the Department of the Environment vote. The second was that the Government should give guarantees to enable the Development Appeal to borrow from the banks.

The Prime Minister would like to have a word with the Chancellor of the Duchy of Lancaster and the Chief Secretary about this at a suitable opportunity.

I am sending copies of this letter to Alistair Pirie (Chief Secretary's Office) and David Wright (Cabinet Office).

W. A. PATTERSON

Miss Mary Giles
Chancellor of the Duchy of Lancaster's Office.

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