

PRIME MINISTER

HAMPTON COURT PALACE

Lord Whitelaw feels you should be aware of proposals which have been circulated to H Committee about the future of Hampton Court Palace.

The Environment Secretary is proposing a feasibility study of the possibility of leasing parts of the Palace to private companies.

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FREEDOM OF INFORMATION
ACT 2000

If the full study now proposed goes ahead, and confirms the feasibility of the project, legislation would be required to allow the Secretary of State to grant leases.

The Lord President is worried about how proposals along these lines might be received by Parliament and the public: there could be accusations that the Government was selling the national heritage for gain, as well as worries about continued public access to the Palace. Lord Whitelaw therefore believes that the proposals should be considered collectively

But he would not wish to go against the majority of H Committee (who would be prepared to let the proposal go through), unless you felt that his worries had substance.

Agree with Lord Whitelaw that the proposals for Hampton Court should be considered collectively before any announcement is made?

aws

31 July 1984

Yes - I share his concern.

It all sounds & feels wrong. Can't this

Don't have evidence properly expedite not



10 DOWNING STREET

From the Private Secretary

File No

cc: LEO	PSE
HO	LPSO
DEB	DHS
NIO	COLO
SO	DFMP
WO	HMT

1 August 1984

D/Tmp
CWO
Lord Denham
HMT
LOD
CO
LPS

HAMPTON COURT PALACE

The Prime Minister has seen copies of the correspondence circulated to members of H Committee about the possibility of leasing parts of Hampton Court Palace to private companies.

The Prime Minister shares the Lord President's concern about the possible public and Parliamentary reaction to these proposals. She wonders whether the granting of leases might not more appropriately be dealt with by some agency which has extensive experience of dealing with crown property, and is also perceived to be independent of the Government. The Crown Estates Commissioners, the Duchy of Lancaster, and the Duchy of Cornwall are examples of such bodies.

In view of the potential controversy which these proposals could generate, the Prime Minister takes the view that they should be discussed by colleagues collectively before any announcement is made.

I am sending copies of this letter to the Private Secretaries to the members of H Committee, David Peretz (H.M. Treasury), Henry Steel (Attorney General's Office) and Richard Hatfield (Cabinet Office).

DAVID BARCLAY

Miss Janet Lewis-Jones,
Lord President's Office

JH

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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

2 August 1984

Dear Patrick

nbpm
JMS
3/R

HAMPTON COURT PALACE

Thank you for your letter of 26 July. You will also have seen the Chancellor of the Duchy of Lancaster's letter of 30 July and that from the Prime Minister's Private Secretary of 1 August.

In the circumstances I think that we should now have a discussion in H Committee and I should be grateful if, in due course, you would circulate a memorandum (this will be easier for the Committee than having to refer to the several items of correspondence).

I am sending copies of this letter to the Prime Minister, members of H Committee, the Attorney General and Sir Robert Armstrong.

JMS
L Min

The Rt Hon Patrick Jenkin MP

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- 3 AUG 1964



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Chancellor of the Duchy of Lancaster

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

30 July 1984

New Willie,

HAMPTON COURT PALACE

DUB
31/7

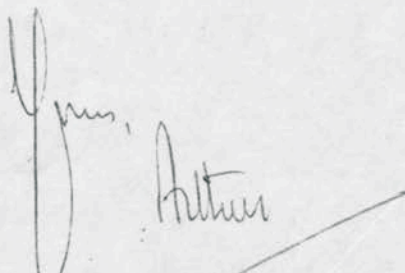
-with JB

Patrick Jenkin copied to me his letter of 26 July.

As there is a reference to the fact that "no member of H Committee had commented" may I say that I refrained from commenting because you had proposed that the matter should be brought to the Committee.

But if it is not brought to the Committee may I say that experience in the kind of neighbourhood in which I live indicates the very serious problems to which a proposal of this kind could give rise.

I am sending a copy of this letter to the Prime Minister, members of H Committee, the Attorney General, and to Sir Robert Armstrong.


COCKFIELD

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
London SW1

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Parliament PT 12
legislation



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FREEDOM OF INFORMATION
ACT 2000

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

26 July 1984

Bf with
hard Whitehall's
response

Dear Willie,

HAMPTON COURT PALACE

Thank you for your letter of 1 May, in which you expressed reservations on the proposals in mine of 6 April.

You said it would be helpful to have the Attorney General's views. My officials have been in touch with his and he has seen Counsel's opinion. He agrees that "it follows from Mr Mummery's opinion that unless there is some way other than Section 13(1)(b) of the Crown Lands Act 1927 in which the apartments can be transferred to the Crown Estates Commissioners ... no lease on 'commercial terms' can be granted under the existing law. For a lease on commercial terms to be granted, therefore, legislation will be required. The Attorney General has assumed for this purpose that a lease subject to the limitations of the Crown Lands Act 1702 would not be a lease on 'commercial terms'".

The Attorney General also considers that whether such legislation should empower me or the Crown Estates Commissioners to grant such leases is essentially a matter of policy; "although it does seem to the Attorney General that a division between the functions of granting leases and of managing the property could give rise to the type of legal difficulties" which I mentioned in my letter of 6 April.

You expressed surprise that no Member of H Committee had commented on my proposals. You will since have seen Peter Rees' letter of 12 April, agreeing with them. I understand that James Prior was also content. In the circumstances, I am not sure there is much to be gained by an H discussion. Of course I recognise your concern about the risk of political controversy - which was recognised in my own letter. Given the firm agreement of Peter Rees (to whom, of course, the Crown Estates Commissioners report) and the Attorney General's general concurrence with my arguments, I wonder if you are now content that I proceed as I suggested in my letter of 6 April, ie to seek a place in the legislative programme, and arrange for a joint announcement?

Alternatively,
if you still have doubts, I would be prepared to bring this to H on the basis of our exchange of correspondence. But that will mean further delays.

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I am copying this letter to the Prime Minister, Members of
H COmmittee, the Attorney General and Sir Robert Armstrong.

*You are
Patrick*

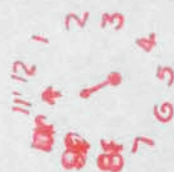
PATRICK JENKIN

Parliament

Part 12

Legislation

27 JUL 1984



NOTE FOR THE RECORD

N Steel
Zmb
8/5

HAMPTON COURT PALACE

I spoke to Janet Lewis-Jones, Lord President's Office, about the attached papers. Lord Whitelaw is uneasy about the proposal to lease parts of Hampton Court Palace to companies and is arranging for a discussion in H Committee. He thinks that the Prime Minister ought to be aware of this proposal and with this in mind I agreed with Miss Lewis-Jones that the Prime Minister might be shown a copy of the H paper which eventually emerges.

I should be grateful if Confidential Filing could draw this to Mr. Barclay's attention.

BF

A

2 May 1984

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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

1 May 1984

Mr Patrick

attached

HAMPTON COURT PALACE

Thank you for your letter of 6 April in which you propose that you should announce that there is to be a detailed study of the feasibility of leasing parts of Hampton Court Palace to companies.

I am surprised that no member of H Committee has commented on your proposals, because I must say that I personally have considerable reservations about them. I believe we ought to think most carefully before proceeding in this very difficult area, and that it would be wise to discuss the issues at a meeting of the Committee and to give the Prime Minister an opportunity to consider the matter herself.

My initial reaction is that the most desirable course would be to transfer the apartments to the Crown Estate Commissioners, but I note what you say about the legal difficulties involved, and think it would be helpful to have the Attorney General's views on them. I would be grateful if you could consult the Attorney General and bring this matter to a meeting of the Committee in due course.

I am sending copies of this letter to the Prime Minister, the Chancellor of the Exchequer, members of H Committee, the Attorney General and to Sir Robert Armstrong.

Mr Jenkin
1/5/84

The Rt Hon Patrick Jenkin MP

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21 MAY 1964



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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

72
6 April 1984

Dear Willie,

My Department is responsible for the management and maintenance of the Royal Palaces, including Hampton Court Palace. The State Apartments and some other parts of the Palace are, of course, open to the public. The Palace has also been extensively used for Grace and Favour residences, eg for retired senior service officers, diplomats and their widows and so on. However, in a historic Palace of this kind, it is increasingly difficult and expensive to provide suitable accommodation to modern standards. The Royal Household are therefore phasing out Grace and Favour tenancies as the present tenants die or leave, leaving substantial parts of the Palace unoccupied. Some parts have been empty for decades and have fallen increasingly into a state of disrepair which requires major expenditure both to restore and to bring up to modern standards.

The Royal Household and my officials have been giving considerable thought to the best ways of using this spare accommodation and ensuring that the Palace does not fall into an increasingly worse state of disrepair. It has been possible to allow parts of the Tudor Palace to be used for the purposes of various conservation bodies and there may be scope for limited extensions of this kind. However, such bodies are always short of resources and it has therefore been necessary to let them in, too, on a Grace and Favour basis, with restoration and maintenance to basic standards still being borne on my Department's Vote.

More recently, the Privy Purse has suggested that we might consider a different use for the empty apartments around Fountain Court, in the Wren part of the Palace, where most of the more orthodox Grace and Favour tenancies have previously been concentrated. They suggest that these might be leased to British companies of national stature, for use as "company flats". They thought that the location and kudos of Hampton Court Palace might well be sufficiently attractive to encourage such companies to take on apartments, essentially for residential use (though this need not rule out occasional small meetings, for which Hampton Court Palace is convenient to Heathrow) and to bear the cost of renovation (which could run well into 6 figures for each apartment) themselves.

Following the endorsement of this concept by Her Majesty The Queen and by Michael Heseltine, a confidential study was undertaken for us in 1982 by Chestertons, who concluded that "from a preliminary inspection, there is a good chance that the proposals are likely to be a viable proposition", though "undoubtedly there will be problems, particularly with vertical and horizontal access, car parking etc". They concluded, however, that it would not be possible to make

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further progress with a detailed study without that becoming publicly known. They have, however, recently told us that "the market conditions for the type of accommodation that would be produced by the conversion has significantly improved" since 1982. They are therefore "even more confident ... that the exercise would be not only economically viable, but should yield significant financial benefits."

Before proceeding further, however, it was necessary to clarify the legal situation, which raises a number of difficulties. My statutory responsibilities relate solely to the management and maintenance of the Palace. I have no rights in the land and therefore no powers to enter into a lease. I could perhaps contemplate licensing companies to use the accommodation, but it is very doubtful whether this would provide adequate security to encourage them to commit the substantial investment involved. Her Majesty The Queen does have powers to enter into a lease but, under antiquated legislation, this would be limited to 31 years or to a term of years determinable upon one, two or three lives. Again, neither would provide adequate security.

We have also investigated the possibility of transferring individual apartments to the Crown Estate Commissioners, who could then lease them under their existing powers. The position is clouded in legal obscurity, but we now have Counsel's Opinion that the existing legislation would not enable such a transfer to be made.

If the project is to proceed, legislation would therefore be necessary. In my view, this is highly desirable. If the feasibility of the proposal is confirmed by further study, we should be able to ensure that this historic Palace is fully used in an appropriate way, without imposing a heavy burden on the taxpayer to restore and maintain the apartments. There is, of course, a risk - perhaps a high one - that the Opposition would represent this as a policy of "privatising the heritage", but I am sure we could reply that it is precisely the opposite - it would represent a major contribution by the private sector to restoring and preserving the heritage. I would, however, envisage that safeguards should be included in the legislation. In particular, I think it should ensure that the accommodation continues to be restricted to residential use (though I would not see this ruling out in practice the sort of small, high level meetings I have mentioned). Such a lease would not, of course, affect the Crown's ownership of Hampton Court Palace; nor my Department's responsibility for managing it.

If the desirability of legislation is agreed, a decision is also needed on whether it should empower the Secretary of State to lease directly, or whether it should seek to amend the law to enable individual apartments to be transferred to the Crown Estate Commissioners. While the latter would be the orthodox way of dealing with surplus Crown property, I do not think it is appropriate to the present case. First, there would be considerable legal and practical complications

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in empowering the Crown Estate Commissioners to lease individual apartments within a building which it was my Department's responsibility to maintain and where other apartments continued to be leased, perhaps to the end of the century or beyond, to remaining Grace and Favour residents. Secondly, Hampton Court Palace is a "working and living village", in which there are already complicated inter-relationships between various parts of the Royal Household and of my Department, as well as the important, though declining, numbers of Grace and Favour residents. It would add an unnecessary and undesirable complication to bring the Crown Estate Commissioners into that picture. I understand this is acceptable both to the Commissioners and to the Privy Purse.

I therefore see the agreement of colleagues that:

- a. legislation to enable us to proceed with this proposition is desirable;
- b. the legislation should empower the Secretary of State for the Environment to lease individual apartments at Hampton Court Palace, subject to their continuing to be used only for residential purposes and with other appropriate safeguards.

If colleagues agree, I will seek a place in the programme at an appropriate time. Meanwhile, I would envisage a joint announcement by the Royal Household and my Department, to enable a full feasibility study to be undertaken. At that stage, I do not think we need draw attention to the need for legislation.

I am copying this letter to the Chancellor and Members of H Committee.

*Yours
Patrick*

PATRICK JENKIN

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The Rt Hon Viscount Whitelaw, CMC