

Museum and Gallery Exhibition Tax Relief

Summary Report on Initial Research Sector Sandpit, summer 2022
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Research R&D and initial sandpit funded by UCL Innovation and Enterprise, in
partnership with CVAN London.

Introduction

The Museum and Gallery Exhibition Tax Relief commenced in 2017 as a Government measure to support the sector to develop new exhibitions and display collections to a wider audience by organisations with charitable status or as local authorities. In October 2021, HM Treasury doubled the claim rate in the first year of a two-year package of Covid recovery assistance. A ‘sunset clause’ as the cessation of the MGETR support is currently set for March 2024 following an extension from an original date of March 2022.

Using findings from a range of data and surveys including a two year sector-led research programme led by Contemporary Visual Arts Network & Yorkshire Visual Arts Network, the research looks to investigate where HM Government’s MGETR investment is a positive stimulus in sustaining the sector, helping resilient approaches to external factors such as the Co-vid pandemic, unlocking creative risk-taking and supporting new models in exhibition content, formats and contexts.

Due to the importance of this tax relief received in the form of unrestricted funding and unanimous agreement on its benefit, the sector has united around extending the sunset clause for the relief, and discussion has continued around:

- Duration of the relief.
- Scope of activities covered by the relief.

- The wider impact on the Sector of the relief.

In partnership with YVAN, UCL is facilitating research on further and deeper conversations regarding the relief, considering both the narrow case of the impact of the relief itself, and the wider case of what impacts will be felt by the sector itself. To this end there are two programmes running in parallel. The first is a series of facilitated discussions modelled on an initial sandpit exercise conducted in June of this year. The second is a wider piece of consultancy performed by UCL management finalists, which is looking at the first of the broader questions, in this case looking at valuations of activity in the creative arts industries, discussing both valuation methodologies and places where more discussion or analysis is needed to arrive at an estimate of value.

The Sandpit Exercises.

General:

The Sandpit exercises are centred on the narrower factors affecting the sector. The goal of the sandpits is to enable a discussion of limiting or enabling factors, open up sharing between museum, gallery and visual arts professionals and to form a foundation for looking at wider scenarios. They take place as a set of facilitated discussions, which are each centred around one key question.

First Sandpit Exercise 23 June 2022

The first sandpit exercise was centred on two questions. The questions were chosen to elicit and bring together insights on the effects of the MGETR on a range of organisations with a variety of scale and activity from around the country. Attendees included staff from finance, curatorial teams and senior members from local authorities.

Participants were asked to discuss in the light of their experiences of the period of operation of the MGETR. The workshop was facilitated by UCL and CVAN staff with UCL student placements who had an initial induction meeting and acted as scribes. For the first session, the two questions were

1. What benefits does MGETR bring to your organisation?
2. What activity does it enable you to continue to do that you would have otherwise had to stop?

The second session was centred around looking forward. The two questions were.

1. What are the pressure-points for your organisation over the next five years?
2. What can you see as opportunities emerging for your organisation?

The structure allowed an appreciative inquiry that was based on the idea that there were positive experiences that had to be brought to the fore before any discussion of

the potential pain points involved in meeting future challenges. The facilitators were asked to allow maximal flow of discussion while keeping to time and to record and capture answers for future analysis and planning of upcoming sandpits.

Results of First Sandpit.

The initial comments to the first session raised the difficulties in applying for and receiving the relief. Organisations reiterated the singular benefit of the tax is that is returned as unrestricted income to be used as determined by each organization according to their needs and opportunities, and can be built into future budgets. The sample group of organization received claims between £20,000-£5,000 pa.

However, beyond this, several notable points indicated where the benefits were.

“We use the funding for applications, programming, and fees for artists. If we didn’t have it, it would definitely affect staffing, especially for the covid period even if we have the covid recovery. It is essential for maintaining the staff.”

“You can’t use match funding from your grant, and my little community art grant is not enough for this thing. But I could say my tax relief is used as match funding and it is quite important”

“Among the benefits to our organisation, [the Tax Relief] enables us to enhance experience, make bolder, smaller decisions in terms of enhancing visitor experience at each of our sites.”

These organisations were quite clear that the MGETR was enabling them to continue operating. It was not that the MGETR was enabling greater or more widely scoped activity, it was that the MGETR was enabling core functions. As one put it:

“[We] used tax relief to set up a designated fund, use funding to underpin our programme funding alongside foundation applications”.

“[The Tax Relief] helps with what we’re planning to do already and helps us be more secure with what’s coming up. We know we might have £15-20k coming in in the future, and that we can use that security to increase our in-house staff, which has been useful post-covid, because we need more people since some have been isolating etc... So it makes us extra secure financially”.

“It probably also helped us being more innovative in programme planning but is had been more of a general booster.”

In discussion, we realised that at a time of great constraint, the more important factor was that the relief was helping keep providers open and trading, rather than enabling new activities. Quite simply, in the current environment it is the difference between carrying on and closing up.

In the second session, we looked more towards a longer term. For our purposes, it was reasonable to consider this as a time horizon of around five years, long enough to be

thinking in terms of planning, but not so long that the discussions were derailed by longer term uncertainty.

Our questions around pressure points and opportunities were framed to allow discussion of both the positives and negatives of the longer term position.

MGETR allows for “flexing” especially with the Covid recovery period. Earned income was from space hires, business lets and event hires but there was uncertainty due to Covid worries and restrictions. Partnerships were income generating. The MGETR permitted openness to new partnerships coming in and gave the ability to work with new partners.

“In a nutshell, we’re an NPO, we’re anticipating a flat settlement, we might get an additional investment, but who knows... We’re budgeting on a flat settlement which creates pressure in the next coming years.” [So a pressure point is] “our budget but also the possibility of our visitors to spend within our venues”.

All participants expressed their on-going commitment to Equality and inclusion and Climate Justice. Some examples included enacting new governance models, changing how they work with artists, opening up volunteer support and offerings to new and underserved audiences, and all cited diversity not just as a challenge but an opportunity.

“It’s been an opportunity for us to be really clear about what we are doing, why we develop things, and perhaps further what we would do otherwise. We are already working with artists from a diverse range of backgrounds and also think in-depth and more in detail about how we do it to get more advice with doing things like anti-racism and gender awareness training with all our staff and volunteers.

“We are just linking trustee roles, environmental social governance, accessibility, and diversity and putting those elements into our business plan. We’ve got action plan and policy round environmental issues. And our youth panel are going to curate an exhibition for next year so we are starting to get that”.

This was clearly underscored at several points in the discussion, and that while our participants were in no way underestimating the challenges, they were felt particularly as opportunities.

It was also felt that widening the scope to digital and live art performance offerings might have offered mitigations for the key challenges.

“We are especially interested in including digital and live formats as part of the tax relief [...], we are especially working towards inclusivity, digital and live. The audiences will become more diverse. We’re quite rural so the tax relief is very important. Covid in particular has shown how these formats make it more accessible. In [...], we have socio-economic issues, some people wouldn’t necessarily come to engage on our sites. It breaks down barriers in a way.”

These key pressure points were often framed in terms of the uncertainty of returning to normal or finding a new normal. Both COVID and the state of the arts sector given the Brexit changes were indicated strongly as being the key pressure points over that shorter time horizon.

“Confidence from the audience is not 100% there. And it depends on whom you’re focusing on. It varied if people come back. Emergency funding is gone. Uncertainty comes with whether the audience would be back with income coming in. The positive side of that pressure is that we’ve linked to so many partners, coming out with this new way of working and opportunities. So, you’ve got a balance there”.

Looking to the Longer term.

Scenario planning is a technique used to consider longer term and broader changes to a ‘domain’ which might be a country, industry or sector. The longer term issue that was felt strongly is in the question of how one demonstrates the value of the arts sector given the wider condition. Co-vid recovery, Brexit and Cost of Living crisis are examples of these broader factors, and in this world, the short term is focused on guiding organisations through the day to day of coping with wider factors.

However, looking forward, one question remained strongly. How does one demonstrate the value of the sector? This is a difficult question, because it hinges very strongly on the conception of value. That value, broadly defined, is captured by both the funding and support network, and by individuals. However, the meaning of value to those two different groups is not the same, and indeed is highly context dependent. For instance, when dealing with Government, the pitch can be made on economic value very easily, but is more difficult to do when talking about value to an individual, to their sense of community, or to their state of mind. The converse is that an individual might hear a pitch about how participation or experience of the arts might help them feel happier, or more connected to a community, but these are harder things for an organisation to understand, capture and include in the inevitably economic view of the sector.

To tease out these issues, we have begun an exercise in understanding the literature on valuation, and in looking at the many different perspectives on value. We want to start feeding these ideas through participants in our studies and get to a view on where the sector might face new challenges as well as generate new opportunities, with the hope that we can look at and investigate ‘future worlds’ where the sector might be focusing its efforts.