

Crafts Council response

HM Treasury Museums and galleries tax relief consultation
October 2016



Introduction

Our response to the HM Treasury Museums and galleries tax relief consultation gives an overview of the craft sector and the work of the Crafts Council, before addressing the individual consultation questions. Our responses are based predominantly on our own experience of curating exhibitions, supplemented by some understanding of wider experience.

Craft contributes £3.4bn to the UK economy each year. In addition to the value it creates in its own right, craft adds value to other industrial sectors, including healthcare, engineering and architecture.

- 150,000 employees with craft skills generate £3.4 billion GVA annually
- 88% of makers run their own business
- 5.6 million craft items are purchased each year
- 19% of the population of England participate in craft activities and visited exhibitions
- 2.8 million visitors annually to Crafts Council exhibitions, showcases and events.

The Crafts Council is the national lead for craft in the UK. Our goal is to make the UK the best place to make, see, collect and learn about craft. Engaging over 2.8 million people annually, we champion and support high quality contemporary craft practice and grow and diversify audiences for craft. We curate the national collection of contemporary craft; produce major exhibitions and touring shows; develop domestic and export markets through national and international showcases in Europe, the Middle East, Asia and the U.S.; deliver education and learning programmes; stimulate innovation; commission and produce leading research on cultural, economic and social trends in craft; and publish Crafts, the sector's leading magazine.

Question 1

Do you agree with the proposed criteria for assessing the options to provide support to the museum and gallery sector? Please provide any comments as appropriate.

Yes, subject to the points raised below.

Question 2

Would these definitions allow appropriate institutions to be in a position to claim the relief?

The Crafts Council curates and loans a number of popular temporary and touring exhibitions each year and would therefore expect to be eligible for the tax relief. We are keen to ensure that our status as a registered charity (England and Wales) under Royal Charter (and that of several other museums and galleries) does not disqualify us from eligibility for the relief. A possible solution would be that the Crafts Council runs exhibition programmes through a newly-formed subsidiary company owned by us; however, running loss-making activities through a trading subsidiary often brings unwelcome tax complications for the charity holding company.

If the definitions could explicitly include charities with our particular status, we would support them. We would be happy to discuss this approach.

Question 3

Would adopting the definitions outlined above be an effective way of meeting the government's objectives as set out in chapter 3?

Yes.

Question 4

Is there an alternative definition of a qualifying institution that would more accurately permit the most appropriate range of museums and galleries to qualify for the relief? If so, please provide details

Whilst we are not proposing an alternative definition, we would want to be confident that a qualifying institution would be any body engaged in a qualifying exhibition activity, and thereby the relief would operate like the Theatre Relief.

Question 5

Is there a more accurate definition of an exhibition that would allow qualifying institutions to claim relief for the most appropriate range of displays?

The definition of an exhibition seems to imply 'a room full of stuff'. We would suggest that this definition is too limited in regards to more temporal or performative exhibitions such as the Crafts Council's [Real to Reel](#) (a craft film festival that explores our relationship with materials and making in different ways) and [Acts of Making](#) (a two-week festival that celebrated and explored contemporary craft through performance, ephemeral practice and live installations). We would suggest that the term 'exhibition' needs to have a wider definition in the document to ensure that participatory and performative temporary and touring exhibitions are not excluded.

Question 6

Does a period of up to one year accurately reflect the length of time a temporary exhibition would remain open to the public?

In general, yes. Crafts Council exhibitions often run for a shorter period of between eight and twelve weeks.

Question 7

In addition to those mentioned in box 4.B, are there any types or characteristics of an exhibition that you think should be excluded from the relief?

No.

Question 8

Is there a more accurate definition of a touring exhibition that would allow institutions to tour their exhibitions to other museums and galleries?

See our answer to Question 5.

Question 9

How soon in advance is it decided that an exhibition will be toured?

This decision does vary dependent on content, but usually a minimum of one year is needed, after the initial concept development and curation. Sometimes it is the case that the touring aspect only comes into play after an exhibition is first shown, in response to popularity or demand.

Question 10

What kind of model is most likely to be employed for touring, i.e. will it be led by one organisation, split between two institutions etc.?

This model can also vary. In our experience it is usually one organisation for national museums but smaller museums have recent successes partnering on similar collections and touring internationally. A number of the Crafts Council's exhibitions are supported by other partner organisations, for example [Build Your Own](#) is a partnership exhibition with FACT in association with Norfolk Museums.

Question 11

How are the costs split up between the touring institution and the institution that is hosting the tour and how do the two interact more widely?

The touring institution is charged a fee that covers set up costs in that institution. However, all the other costs are met by the Crafts Council (and partners if applicable) and touring exhibitions are not possible to run on a full cost recovery basis.

Question 12

If an exhibition is toured internationally, when and where are the costs normally paid?

Costs are usually paid on signed agreement, either on receipt of the exhibition or at the end.

Question 13

Which costs are integral to the exhibition process itself and should therefore be eligible for relief? Please explain your choices.

The following costs should be included:

- All costs incurred as part of the production and closing phases.
- Development phase costs once it is confirmed that the exhibition will happen.
- All contractor costs where they are directly engaged, plus internal staff costs where it is reasonable to allocate time across an individual exhibition.
- Further costs including:
 - rights clearance
 - curating
 - creative team fees
 - set-up costs
 - insurance
 - transport
 - modest administration and management
 - loan in fees (for specific works, when applicable)
 - build costs
 - collateral for use by the public
 - conservation fees
 - packing costs.

Question 14

Does the requirement to be incorporated and operate separate trades within the company cause significant administrative burdens for museums and galleries? Please explain in what way.

We have partly addressed this in Question 2 above. We would wish the definition to be explicit that charities “incorporated by Royal Charter” are not excluded, as the need to form a trading subsidiary would generate some further administrative burdens and possibly tax issues to overcome as well.

If the idea of “separate trades” simply means that we need to account for each exhibition in itself, then we will have no difficulty, but if a separate company were required for each exhibition, then this would be burdensome.

Question 15

Would the requirement to be incorporated affect current funding or subsidies/exemptions that are received by some museums? If so, please explain how?

No.

Question 16

Are there any other specific design points which need to be addressed?

There are some technical questions we would wish to see addressed:

- How might the legislation be affected by UK leaving the EU, if at all?
- It seems that costs incurred for touring outside the UK are eligible for relief – is this correct? We would recommend that this include costs incurred overseas?
- If an exhibition is partly for selling, partly for cultural enjoyment/education, can we split the costs accordingly?

Question 17

Can you give examples of other sources of funding that you receive for exhibitions?

If we develop and host an exhibition in partnership, the agreement will usually be based on the partners making either a financial contribution or a contribution in kind. In addition, we are very occasionally able able to secure a donation from a trust or foundation, but this is rare.

Question 18

Would the strategy outlined above be an appropriate way of preventing abuse of the new tax relief?

Yes.

Question 19

Are there specific areas in addition to those mentioned above that create the opportunity for abuse?

No.