

Senedd Cymru / Welsh Parliament

Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / Culture, Welsh Language and Communications Committee

Ymchwiliad i'r achosion o COVID-19 ac effaith y feirws ar ddiwylliant, y diwydiannau creadigol, treftadaeth, cyfathrebu a chwaraeon / Inquiry into the COVID-19 outbreak and its impact on culture, creative industries, heritage, communications and sport

CWLC COV72

Ymateb gan Museums Association / Response from Museums Association

## **Museums Association evidence on the Impact of COVID-19 on Wales's Museum Sector – July 2020**

### **About the Museums Association**

The Museums Association (MA) is a membership organisation representing and supporting museums and people who work with them in each of the four nations of the United Kingdom. Our membership of over 13,000 includes all types of museums and people working in all types of roles from volunteers to directors.

We are a campaigning organisation and lead thinking in UK museums with initiatives such as Museums Change Lives and Collections 2030 and provide over £1m per year of funding for museum projects via our Esmée Fairbairn Collections Fund. Our Vision is for ***socially engaged and sustainable museums at the heart of their communities***. During the current crisis the MA has provided workforce support for our members in Wales through leadership and essential mentoring schemes; networks for furloughed staff; online training and events; advocacy and policy guidance; and additional funding for museums to sustain engagement with collections.

We work closely with both Amgueddfa Cymru and the Federation of Museums and Galleries of Wales to ensure that we represent members and the wider sector in Wales. As a result, many of our key documents are also available in Welsh and we have a languages policy, ensuring all key policy documents are available bilingually. We also regularly meet with Welsh Government officials and Culture spokespeople for the main political parties, as part of our advocacy on behalf of the sector. David Anderson, Director General of Amgueddfa Cymru, is a recent President of the Museums Association and Heledd Fychan, Head of Policy and Public Affairs at Amgueddfa Cymru is a current Board member, and Chair of our Nations Committee and Ethics Committee. We also have three Museums Association representatives based in Wales.

For more information about the Museums Association, see our website:

<http://www.museumsassociation.org/home>

This response is based on consultation and feedback from members and key stakeholders in Wales.

### **What has been the immediate impact of Covid-19 on Wales's museum sector?**

All of Wales's museums are currently closed to visitors due to the lockdown. This lockdown has had a number of extremely serious effects:

The most significant impact of Covid-19 has been for communities throughout Wales. Museums across the country have made every effort to support their communities during this difficult period through a range of activities including additional resources for home schooling in both English and Welsh, online activities for families and contemporary collecting projects with local communities, to document the impact of the virus.

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For museums the crisis has brought about the total loss of earned income from tickets, shops, cafes, private hires, events and other common ways for museums to earn income. Other sources of earned income, such as memberships and licensing contracts have also fallen sharply. This has caused an immediate cash flow crisis for some organisations as many were operating with low reserves in advance of anticipated peak season over the spring and summer. Some museums are at risk of cash insolvency.

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The financial crisis caused by the lockdown has been felt across museums. Those museums that are most reliant on earned income have initially been hit hardest. This means that **independent museums**, which are generally run as charitable enterprises, are particularly vulnerable and are estimated to have lost over £800,000 in income in the first quarter of lockdown. There is a threat to rural museums which help support the wider rural and visitor economy in Wales.

According to a survey of over 1,200 heritage organisations across the UK carried out by the National Lottery Heritage Fund in the first week of April, 82% reported high or moderate risk to their organisation's long-term viability. Our research confirms that many museums have less than three months reserves. Some museums are already reducing pay to remaining staff, and not hiring seasonal staff, due to the fear that they will become cash insolvent.

The possibility of independent museums becoming insolvent also raises the prospect of **museum collections and buildings** being broken up and sold off as assets of insolvent organisations. Such an outcome would reverse decades of work with communities and the potentially irretrievable loss of public access to Wales's culture and heritage.

**Local authority museums and former local authority trusts** are also facing a very significant impact. Many were already facing a reduction in income from direct grants and have now lost the income that comes from earned sources. They are facing large in-year deficits that will lead to cuts in staffing and operations and will undermine their ability to reopen once lockdown is lifted. Where staff have been redeployed within local authorities there is an additional question of when they will be able to return to their posts in order to facilitate reopening. Local authorities are facing the double pressure of increased costs associated with dealing with Covid-19 and a loss of income because of lockdown. The pressure on public finances puts at risk continued public investment in local authority museums and former local authority trust museums in the medium term. **Continued investment from local authorities is vital** to sustain operations.

**Amgueddfa Cymru-National Museum Wales** - the current holder of the Art Fund Museum of the Year prize - is losing circa £400k of income each month its sites are closed. Some of these costs are being recovered via the furlough scheme, but the full financial impact could result in operational deficit in the current financial year. Plans are in place for the safe reopening of Amgueddfa Cymru-National Museum Wales sites, however public safety is paramount and there is an additional cost of reopening including appropriate PPE and social distancing measures which needs to be taken into account. **Continued investment from Welsh government is vital** to sustain operations, ensure free entry and fulfil Amgueddfa Cymru's ambitious plans to connect to communities across Wales.

University museums fulfil vital research roles and deliver engagement with local communities. They face an uncertain future due to the predicted ongoing financial losses sustained by universities. They are concerned that they will be perceived as a non-core functions by their parent bodies and disproportionately targeted in the drive to make savings

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Museums rely on a wide network of **freelancers, artists, self-employed and temporary staff** to provide services. Self-employed people in the sector have been particularly hard hit by the crisis. The UK government scheme to help self-employed people has a number of gaps in it resulting in many people being ineligible for financial support.

On a more positive note, we have seen many museums providing a strong **digital and outreach engagement** offer during lockdown and collecting items that will help to represent the coronavirus

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crisis in future. Many local museums have helped by providing learning resources for home-schooling and have also donated vital PPE supplies to the NHS as well loaning artworks to field hospitals.

- Amgueddfa Cymru's Collecting Covid project has already received over 1,000 responses from communities and exemplifies the good work that is taking place: <https://museum.wales/collecting-covid/>
- Ceredigion Museum in Aberystwyth will add a real quilt and a digital one to its collection to commemorate the community's experience of the pandemic and lockdown. <http://www.ceredigion.gov.uk/resident/news/ceredigion-museum-get-creative-for-quarantine-quilts/>
- Museum of Cardiff is working with Cardiff Council's Cardiff Commitment team on a new project *Diff Diaries* for the city's children and young people to record their experiences of Covid-19 and lockdown through film, photography, written and art work: [https://www.cardiffnewsroom.co.uk/releases/c25/23718.html?utm\\_source=Twitter&utm\\_medium=social&utm\\_campaign=SocialSignIn&utm\\_content=COVID-19](https://www.cardiffnewsroom.co.uk/releases/c25/23718.html?utm_source=Twitter&utm_medium=social&utm_campaign=SocialSignIn&utm_content=COVID-19)
- Cynon Valley Museum in Aberdare has created a new section on its website, collaborating with local artists to create an online gallery of their work, <http://cynonvalleymuseum.wales/exhibitions-at-home-by-cynon-valley-museum/>

### **What public sector support has the sector received so far and how effective has it been?**

The Welsh Government has provided much-needed funding, managed by the Federation of Welsh Museums and Art Galleries, of £325,000 to create a COVID-19 Resilience grant scheme for museums and heritage attractions. This has provided easily accessible small grants to help some museums deal with the immediate financial shock of the crisis and has been widely used. So far over £158,000 has been awarded to museums with grants covering salary costs of non-furloughed staff, improvements to security and support to enable homeworking.

Several museums have also applied to the Welsh Government's £1m Culture Resilience Fund.

### **UK-wide measures**

The recently announced £1.5bn support package for culture from the UK government including £59m for Wales under the Barnett Formula is a welcome recognition of the scale of the challenge that arts and culture face. **We would ask Welsh government to work with Amgueddfa Cymru-National Museum Wales and the Federation of Museums and Galleries of Wales to ensure that funding is strategically and equitably deployed in Wales.**

The Job Retention scheme has been valuable to the sector in Wales and has bought breathing space for organisations. 40% of staff at Amgueddfa Cymru-National Museum Wales have been furloughed for at least three weeks. Our concern is that ending the scheme abruptly could lead to unnecessary

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job losses and insolvencies. It is also important that the scheme takes into account the different policies of the Welsh Government.

The Self Employed Income Support Scheme has been helpful to many self-employed people in museums. However, it specifically misses out many small Limited Companies, where the director pays themselves in dividends. These companies have small profit margins and little reserves. It also

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misses out those who have only recently become self-employed and have not filed a tax return for the 2018-19.

There is also a growing case for reforms via the Gift Aid system which would help to direct funding to organisations that need it. At present, many museums that generated Gift Aid via trading companies are facing cash flow problems that mean that they will not be able to transfer Gift Aid to their charitable arms without putting the solvency of the trading arms at risk. Non-transferred Gift Aid will become liable for corporation tax in the next tax year, leaving museums with substantial additional tax bills when they can least afford it. We propose that UK government should introduce a Corporation Tax holiday for charity trading arms and/or the prepayment of Gift Aid based on last year's payments as a means to support income.

### **What support is needed to get museums in Wales back up and running?**

The MA believes that museums should reopen as soon as it is safe for public, staff and volunteers, and once all necessary public hygiene and social distancing measures are in place. **The final decision on when to reopen should rest with individual museums based on their own operational and financial knowledge.** ALVA research demonstrates that the public in Wales is cautious regarding returning to indoor and outdoor venues and support will be needed to rebuild public confidence.

The role that museums can play in tackling poverty and creating opportunities for excluded communities is needed now more than ever. Museums across Wales have contributed to this via the government's Fusion programme and need continued investment to do so.

### **Recovery package**

Emergency funding from Welsh Government has been critical in sustaining eligible museums during lockdown - **it is vital that museums continue to receive support beyond the end of the lockdown.**

On reopening, museums will immediately start to incur costs of operation but without the immediate return of earner income. Public attitude research from ALVA shows that the public will be much more cautious about attending public spaces and gatherings in Wales for some time to come. In particular, it is difficult to envisage international tourism returning to pre-crisis levels for several years. **Many museums will likely be operating at a loss for some time to come.**

In order to allow for a period of adjustment during which museums will need both public investment and a reappraisal of business models in order to secure their operations in the long-term strategic recovery package for Welsh museums is needed.

This should include:

- A strategic and equitable deployment of the £97m funding package open to all museums in Wales to ensure they can return to a stable operating model.
- Implementation of the findings of the Expert Review of Local Museums in particular the recommendations for: direct Welsh Government support and development of museums; and establishment of three regional bodies that have the potential to share

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resources and capacity across local authority boundaries.

- A strategic plan to encourage and develop domestic tourism in Wales centring on museums and heritage sites. Museums should play a prominent part in any campaign to encourage the public and domestic and international visitors to return to cultural venues in Wales.
- Continued investment in Amgueddfa Cymru to play a Wales-wide sector leadership role.