

Departmental Minute

Departmental Minute dated 28 April 2021 reporting a contingent liability in relation to the activation of an indemnity requested by overseas lenders to an upcoming exhibition staged at the National Gallery, should harm come to any artwork.

1. It is normal practice, when a government department proposes to undertake a contingent liability in excess of £300,000 for which there is no specific statutory authority, for the Minister concerned to present a Departmental Minute to Parliament giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until fourteen parliamentary sitting days after the issue of the Minute, except in cases of special urgency.
2. The government would not ordinarily intervene in the production of exhibitions mounted by national museums, on the basis that existing schemes - and in particular the Government Indemnity Scheme - enable and empower our cultural institutions to borrow extensively from overseas partners. The protected status of the exhibition's centrepiece however, and the extraordinary circumstances afflicting this exhibition are such that the government is satisfied of the appropriateness of providing this indemnity. Confronted by rigid deadlines for the export of these artefacts - exacerbated by Covid 19 - a prompt assurance was required. Therefore, the above process has not been followed on this occasion and this indemnity has been expedited in line with 'Managing Public Money' guidelines for Non-standard notification of contingent liabilities.
3. The Conversations with God exhibition will open to the public at the National Gallery on 21 May 2021 and will be free to enter, providing the public with the first opportunity to see Poland's national painter magnum opus for the first time in the UK. The indemnity is required from the point at which the artworks are transported in forthcoming weeks, to the point at which they are returned to Poland in September 2021.
4. The indemnity represents a small contingent liability for the National Gallery, and by extension DCMS as its sponsoring government department, up to the consignment of artworks' total value of £5.6 million. The likelihood of the contingent liability crystallising is remote however, due to the rigorous and stringent protection measures in place throughout every stage of transportation, care, and display, overseen by the leading fine art transporters and the National Gallery's world-renowned experts. The contingent liability will be in place for approximately four months, furthermore a claim would be far more likely to fall at the lower end of the monetary scale provided for. In the

event of damage or loss, the Government Indemnity Scheme would be called upon to compensate the lender, and the successful resolution of this would end the contingent liability.

5. The indemnity is neither contentious nor repercussive, though it is a novel occurrence for the National Gallery. For this reason, DCMS and HM Treasury felt it was appropriate to inform Parliament.
6. In the event that loss or damage to an object occurred, the lenders would have the right to request compensation directly from the Gallery, should they believe the Government Indemnity Scheme or a commercial insurance product to be inadequate or unduly inaccessible. For the reasons outlined above and in the accompanying Written Ministerial Statement however, the government considers any risk to be extremely low. If the liability were to be called, provision for any payment would be sought through the normal Supply procedure.

Department for Digital, Culture, Media and Sport 28 April 2021