

PAYING ARTISTS

VALUING ART, VALUING ARTISTS

**Artists' fees and gallery budgets:
a discussion document**

**Commissioned from Sarah Thelwall
a-n The Artists Information Company**

(1) Introduction

Developed by a-n The Artists Information Company and AIR: Artists Interaction and Representation through research and consultation, the Paying Artists campaign has set out these aims:

1. Transparency on artists' pay

Galleries should develop transparent policies that value the artist and demonstrate how they are recognising artists' roles in their success.

If funders support galleries to introduce transparent policies on paying artists, they will ensure public investment delivers maximum value by supporting diversity in the art that is exhibited in those venues – so enabling the public to access the broadest possible pool of creative talent.

2. National policy and guidance

Government and strategic agencies should issue guidance to provide clarity and minimum standards in artists' pay.

The government's ambition to ensure the UK arts sector continues to lead the world will only be realised if our galleries can access a diverse pool of visual artists, and if the £2 billion committed to the arts through Arts Council England is used to foster our artistic talent.

3. Pay policy in funding agreements

The arts councils and other public bodies should write pay policy requirements into funding agreements.

This will directly support funders' strategic goals by fostering excellence and increasing resilience in the arts; ensuring diversity in the arts workforce; and supporting accessibility of the arts for all.

4. Research into payment of visual artists

Government should initiate a national review of the contribution of visual arts to the UK economy and communities, the role artists play and assets they create and the extent and impact of no or low pay on artists livelihoods and wellbeing.

As there are differences across regions and institutions in the way artists are remunerated, expert research is needed to understand how artists' pay is reflected across the sector and to recommend future frameworks and policy.

5. Artists empowered to make the case for payment

Visual artists themselves need to be supported to negotiate for fair rates of pay within contracts and terms.

This not only applies to emerging artists but also to those not represented by a commercial gallery, who often lack the experience of what is reasonable and the confidence to make equitable professional arrangements.

This discussion document explores some options for how to support public sector galleries in adapting their business model and through sustaining suitable good practice frameworks and measurability, encourage and ensure that a greater and appropriate percentage of funds are allocated to artists' fees within budgets now and in the future.

(2) Evidence base

The Paying Artists [Phase 1](#) and [Phase 2](#) research reports demonstrated that fees paid to artists by non-profit galleries are unacceptably low.

- **71%** of artists taking part in publicly-funded exhibitions over the last three years got no fee at all
- Of those who did, over a third received a fee of less than **£200**
- **59%** of artists did not get their expenses paid
- **63%** of artists have had to turn down gallery requests to exhibit their work because they cannot afford to work for nothing

(3) Cultural data and analysis

This discussion document provides analysis drawn from the data held by the Culture Benchmark and Charity Commission for 2011 and identifies:

1. National picture of the role of artists' fees within gallery/arts organisations' budgets.
2. Gallery Income data which distinguishes between grant-based, venue-based and non-venue based income types and splits each of these into a variety of income sub types.

3. Gallery Expenditure data which separates out direct costs from indirect costs and, crucially, pulls out the staffing costs so that these do not skew the picture of direct production costs.
4. Comparison with the sample of 50 from the 130 galleries surveyed within Paying Artists, making a comparison with the national average for the Culture Benchmark.
5. Comparison with a sample of 22 Dance organisations from across the UK.
6. Comparison with a sample of some 320 organisations to give a National benchmark set.
7. Comparison with a sample of 90 medium sized organisations whose turnover is between £200-750k per annum.
8. Cross reference to artists' fees allocations within the budgets of dance organisations.
9. Reference to levels of artists' fees within non-building based visual/live art producing agencies.

(4) Key findings from the analysis

Gallery income opportunities

Trusts and foundations

- The national average income from these was 13.6% of turnover
- **In the a-n sample it was just 6.8%**
- But in the Dance sample it was 14.7%
- And in the annual turnover range £200-750k it was 15.8%

Question: could publicly-funded galleries leverage more income from Trusts and foundations if the application was specifically to pay for artists' fees, the creation of new work or talent development?

Donations and sponsorship

- The national average gained 9.4% of income from this source
- **Amongst the a-n sample it was 2.6%**
- In Dance it was 5.8% and in £200-750k group 7.2%

Whilst private giving is historically more difficult for smaller organisations, particularly those working in communities, there are some notable examples such as Birmingham Contemporary Music Group's Sound Investment scheme of private giving being used to raise funds for new commissions.

Question: are galleries setting realistic expectations for private giving activities?

Question: do galleries risk expending much more energy on this area of fundraising than the effort is likely to return in income?

Education and Participation

- National average income from gallery activities was 8.2% of turnover
- **The a-n sample achieved only 4.4%**
- Dance organisations achieved **9.8%**
- And the £200-750k turnover group achieved **18.4%**

Question: is it reasonable if gallery budgets are subsidising participants for these activities whilst underpaying/not paying contemporary artists to whose practices the educational activities relate?

Question: could galleries charge for education and participation activities at a level that achieves at least full cost recovery including overheads, as one mechanism for moving more budget into artists' fees?

Expenditure on artists

The national averages:

- 27.1% of production costs and materials
- **22.9%** on artists' fees
- 6.4% on freelancers
- 42.5% as the total spend on direct costs

In the a-n sample:

- 22.7% on production costs
- **9.9%** on artists' fees
- 2.2% on freelancers
- 36.2% as the total spend on direct costs

Although the folks at Culture Benchmark know not every arts organisation splits out their data into this level of detail, when the national average for total direct costs is 42.5% and the a-n sample average is 36.2%, there's probably something awry.

Other spend on audiences and/or artists

Education and participation

- Average income 8.2% but average *spend* was 10.1%
- In the a-n sample it was 4.4% of income and 6.6% of spend

Shops and cafes

- On average, retail activities nationally earn 7.5% of turnover
- Cafes and catering nationally earn 9.0%
- Direct costs of retailing and cafes combined (we can't split them out at the moment) is 8.5%
- **In the a-n sample this is 7.1% and 14.1% respectively for income and 12.0% for expenditure**

Question: we fully recognise that there are times when subsidised education and participation activities are absolutely appropriate but the data above suggests that there may well be times when trading activities are also in effect being subsidised through other income sources. Is this appropriate? Are galleries doing this knowingly and with good reason or is the detail being lost in the budget overall?

Question: do galleries need to do a 'full cost recovery' exercise on the costs of delivery of fundraising, education, shop and café and to know if they are net contributors to the bottom line or whether these activities are subsidised by other income streams or grants?

Question: where galleries are making a profit from these activities could this be directed specifically into artists' exhibition fees?

Calculating the overall level of artists' fees

Question: How much are the exhibiting artists worth as providers of the 'main attraction' to the venue? What would the 'replacement' cost be?

Question: Would a ball park of 'total fees to artists excluding production costs = artistic director salary(ies)' be appropriate?

Question: What other ways might overall fees to artists be considered within a gallery budget? – would a link to audience figures be appropriate?

(5) Addressing underpayment of artists

Financial considerations

- How can visual arts organisations make more space in their business model and free up financial resources to ensure they can pay artists at appropriate levels?
- What percentage of the turnover of an organisation do we think should be allocated to fees to artists? How do current figures in the visual arts compare to producing theatre companies, contemporary dance and contemporary music?
- How different are 'commissions' and 'residencies' from 'exhibition fees' and why?
- How is, and in the future could be, financial risk better shared between gallery and artist - for example when fees are set against a catalogue or film that have wider distribution and income potential?

Arts funding considerations

- Could arts funders through their policies, funding agreements and monitoring ensure good practice on artists' fees and terms is established and sustained amongst the galleries and projects they fund?
- In terms of Deferred Value Creation (DVC) should arts funders be open to higher levels of grant dependency within arts organisations which create DVC for the sector over the long term?

- What is the quid pro quo of this support for DVC? Does it mean that funders can insist that artists are appropriately paid?

Arts audience considerations

- How can galleries communicate the value of artists, not just the value of their venue as a provider of cultural experience?
- Because of a-n's in-depth knowledge of artists' practices and livelihoods, is there a key role for the company to support the visual arts sector as it develops and builds evidence about and communicates the value of the artist, as a contribution to widening participation and achieving diverse audiences for the visual arts?

About the Culture Benchmark

The Culture Benchmark was set up in 2010 to help non-profit arts organisations better understand the 'norms' in arts business models and use this information to help improve their sustainability and impact. Culture Benchmark now holds data on some 500 arts organisations across the UK. This comes from a variety of sources including subscribing organisations, data published by funders and public data made available by the Charity Commission.

Whilst the Culture Benchmark never publishes individual organisation data it makes the aggregate data available through a variety of mechanisms ranging from self-published analysis to articles for *Guardian Culture Professionals Network* to commissioned analysis such as this discussion document.

The purpose of publishing data and analysis is to provide a set of facts to focus the mind and a set of ideas and perspectives to consider and use as the starting point to form opinion on the matter at hand.

About Sarah Thelwall and MyCake

Sarah Thelwall is a strategist, consultant and researcher. Her area of expertise is the structure and development of business models in the Cultural and Creative Industries. Her work takes the shape of consultancy projects with individual organisations and companies, workshops designed to improve understanding of how the financial health of an organisation is connected to its ability to achieve its core creative ambition and research

into the business models, their evolution and the impact of changes in the funding of and investment into the Cultural and Creative Industries. In 2007, she set up MyCake to provide book-keeping and benchmarking services to creative entrepreneurs and in 2010 added a second benchmarking product for non-profit arts organisations.

Appendix 1 Culture Benchmark data

The sample

Income source (as % of income)	National data set	a-n survey group	Dance organisations	£200-750k turnover
No. orgs in data set	320	50	22	90
Average revenue turnover	£4.42m	£1.19m	£3.1m	£446k

Grant income

Grant Income	National data set	a-n survey group	Dance organisations	£200-750k turnover
ACE RFO/NPO	36.1	47.9	38.6	42.9
ACE funding	12.4	19.7	8.6	11.8
Trusts & foundations	13.6	6.8	14.7	15.8
Local authorities	12.2	10.0	10.1	12.1
Grant in aid	29.6	*	51.0	21.8
Other gov't Grants	8.4	*	8.2	7.6
Total grant income	54.3	66.8	69.0	66.7

Earned income – venue-based organisations

Income source (as % of income)	National data set	a-n survey group	Dance organisations	£200-750k turnover
Ticket sales	23.8	11.2	11.3	13.2
Education & participation	8.2	4.4	9.8	18.4
Shop & retail	7.5	7.1	1.1	11.1
Café & catering	9.0	14.1	3.9	4.7
Space hire	11.3	9.0	4.5	6.5
Total venue income	32.6	24.8	18.4	23.5

Earned income – non venue-based organisations

Income source (% of income)	National data set	a-n survey group	Dance organisations	£200-750k turnover
Total donations & sponsorship	9.4	2.6	5.8	7.2
Corporate sponsorship	4.3	1.6	1.3	2.7
Private donations	7.1	1.7	5.8	7.1
Royalties	1.8	0	0	0.7
Franchise & IP income	1.8	*	0	0
Product sales	4.5	5.8	5.0	5.8
Services & consultancy	15.8	4.9	6.5	8.1
Ticket sales (other venues)	18.3	*	23.5	23.1
Subscriptions / membership	4.1	1.6	6.9	4.6
Contracts	16.5	8.3	2.1	20.5
Total non-venue, non-grant income	26.0	7.1	22.4	23.7
Investment income	0.7	0.3	0.2	0.4

Direct costs

Direct costs (as % of income)	National data set	a-n survey group	Dance organisations	£200-750k turnover
Production costs	27.1	22.7	23.8	22.8
Education & participation	10.1	6.6	6.2	13.1
Artists' fees	22.9	9.9	14.4	21.8
Project staff costs	9.3	4.1	8.9	11.4
Freelancers	6.4	2.2	2.1	6.1
Shop, café & similar costs	8.5	12.0	2.0	7.7
Other external costs	11.4	4.5	7.0	10.0
Total direct costs	42.5	36.2	37.6	39.0

Indirect costs

Indirect costs (as % of income)	National data set	a-n survey group	Dance organisations	£200-750k turnover
Total salaries (ex NIC & pensions)	34.5	36.4	38.4	36.1
Pensions	1.5	1.3	2.3	1.6
Rent & rates	6.2	7.8	5.7	5.9
Insurance	1.1	1.7	1.0	1.1
Utilities	2.2	1.8	3.0	1.8
Stationery & office costs	2.6	2.7	2.8	2.3
Travel & Accommodation	2.2	1.1	2.6	2.5
Training	1.2	1.2	1.7	1.1
Marketing	4.6	4.6	2.9	4.1
Professional fees	1.8	1.6	1.3	1.7
Governance	1.1	0.9	1.1	1.5
Intellectual property	1.5	0.3	1.3	1.3
Depreciation	3.7	6.5	1.3	2.8
R&D	1.7	0.8	1.3	1.0
Fundraising	2.6	1.0	0.9	1.8
Total Revenue Expenditure	101.8	105.4	97.2	99.9

Appendix 2 - Paying Artists research and advocacy reports

Paying Artists: Phase 1 Findings

Paying Artists research: Phase 2 Findings

Paying artists research: literature and approaches review

Paying Artists: related texts

A guide to research into fees and payments to artists

Brief history of exhibition payment right

Paying Artists: models of practice from elsewhere

Paying Artists: securing the future of the visual arts in UK

See also www.payingartists.org.uk for gallery case studies

Credits

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a-n's mission is to stimulate and support contemporary visual arts practice and affirm the value of artists in society. Founded in 1980, a-n is a significant national visual arts network and lead body for visual artists, publishing The Code of Practice for the Visual arts, visual arts contracts, fees guidance and conducting on-going research into artists' practices and livelihoods. Through **AIR: Artists Interaction and Representation**, the professional needs and artistic aspirations of 18,000 visual artists members are represented and impact on consultations and debate on developments in arts and cultural policy, arts education and social change.



Supported by
**ARTS COUNCIL
ENGLAND**

Artist members form **a-n's** largest stakeholder group, contributing in 2012/13 £471,116 (55%) of all income, with National Portfolio Organisation funding of 25% from Arts Council England.