

JOINT VISUAL ARTS SUBMISSION

**TO THE TREASURY
SPENDING REVIEW**

AUTUMN 2015

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ABOUT US

THE FOLLOWING ORGANISATIONS/
NETWORKS AND MEMBERSHIPS
CONTRIBUTED TO THIS PAPER.



a-n The Artists Information Company is the UK's largest visual arts membership body representing a community of 19,000 professional artists and creative freelancers.
<https://www.a-n.co.uk/news>



The Contemporary Visual Arts Network embraces a broad range of artistic and curatorial practice across the nine English regions with over 1500 members from individuals to large scale organisations.
<http://www.cvan.org.uk/>



Scottish Artists Union, the representative voice for professional Visual and Applied Artists in Scotland.
<http://www.sau.org.uk>



Artists' Union England is a new trade union in England for professional visual and applied artists.
<http://www.artistsunionengland.org.uk/>



Visual Arts Ireland is the representative body for visual artists across Ireland providing practical support in all art forms to visual artists throughout their careers.
<http://visualartists.ie/>

engage in the visual arts

Engage is the membership organisation representing gallery and visual art education professionals in the UK and over 20 countries worldwide

Visual Arts Group Wales is a consortium group representing visual arts and crafts organisations across Wales.

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SUPPORT THIS PAPER.



Members of the Plus Tate network of 34 leading cultural organisations.



The national development agency for the contemporary crafts in the UK.

www.craftscouncil.org.uk

ARTQUEST

Artquest is a programme of the University of the Arts London. It encourages critical engagement and provides practical support to visual artists throughout their careers.



A national membership organisation profiling the work of artists

<http://www.axisweb.org>



The National Society for Education in Art and Design is the leading national authority concerned with art, craft and design across all phases of education in the United Kingdom. (NSEAD) is a professional association and an independent trade union.

<http://www.nsead.org>

We are submitting this paper to highlight the importance of the cultural sector to Britain's social and economic performance, and our international position, national identity and local economies. The creative and cultural industries are flexible, adaptable and poised for growth with the right support. The artists and employees of our nation's institutions generate income and opportunities for their communities in myriad and highly visible ways, and, collectively, we in the visual arts are giving voice to the benefits for a healthy sector and the risks of a declining sector.

OUR POSITION ON PUBLIC FUNDING FOR THE VISUAL ARTS

TREASURY FUNDING FOR ARTS COUNCILS (PER PERSON) FELL BY 35% BETWEEN 2009/10 AND 2013/14 AND THIS, COMBINED WITH VERY SIGNIFICANT CUTS IN LOCAL GOVERNMENT FUNDING, HAVE IMPACTED HEAVILY ON THE VISUAL ARTS.¹

Amidst this challenging funding landscape we remain committed to delivering maximum value for the public investment we still receive while continuing to contribute disproportionate benefits to the wider UK economy.

As visual artists and artist networks, galleries and arts organisations, we continue to innovate, both in our artistic work and our response to the current funding climate by testing and adopting new, more sustainable models for delivery.

However, baseline public funding will always be vital in enabling us to contribute to national and local economies. Further cuts in support will not simply jeopardise our current contribution and the vibrancy of an ecology which is fundamental to so many other UK industries and sectors. They will undermine the potential which the Visual Arts presents as a platform for sustainable economic growth in the UK.

THE VISUAL ARTS: A PLATFORM FOR SUSTAINABLE ECONOMIC GROWTH

Arts and culture represent just 0.1% of government spending in England.ⁱⁱ They generate 0.7% of all VAT, corporation tax, income tax and national insurance contributionsⁱⁱⁱ and deliver more benefit per pound invested than the health, wholesale and retail, and professional and business services sectors.^{iv}

The visual arts sector is a strong and dynamic economic force and a fundamental part of this success. It employs 37,000 people and generates £1.9 billion gross added value for the economy.^v

Public investment in the Visual Arts helps underpin the UK's **£21 billion international tourism industry**^{vi} - more than a quarter of all foreign visitors now visits a gallery or museum.^{vii}

It gives artists opportunities to create great art and sustain the UK's reputation as a creative superpower by encouraging innovation and directly supporting the commercial creative industries which now represent 10% of the UK's GDP.^{viii}

It supports the UK's £8.5 billion arts market (now the second biggest in the world)^{ix} and our subsidised/commercial visual arts ecology by providing training, commissions and exhibition opportunities for the talent of tomorrow.

It supports valuable exports. In 2012 to 2013 **music, performing and the visual arts had the greatest percentage increase in exports of any creative industry** sub sector after the value of their exports jumped from £0.6 billion to £0.7 billion.^x

It plays a critical role in driving local economic growth up and down the country by supporting development of major new galleries like the Turner Contemporary in Margate, the Hepworth in Wakefield and Nottingham Contemporary - all of which are now generating in excess of £10 million a year for their local economies.

THE VISUAL ARTS: A PLATFORM FOR SUSTAINABLE ECONOMIC GROWTH

£25M IN 9 MONTHS: COMBINED NEW VISITOR SPEND IN LOCAL ECONOMIES OUTSIDE LONDON

These investments generate even greater economic returns:

- In just three and a half years, Turner Contemporary has transformed its home town, acting as the catalyst for creation of **35 new businesses and delivered a total benefit of over £32 million to the local economy** through tourism and inward investment.^{xi}
- In Gateshead, BALTIC Centre for Contemporary Art generates £3.6 million GVA each year and was the focus of a regeneration story for an entire region.^{xii}
- In Wakefield, the Hepworth's significant economic impact is already inspiring major partners to set up on the Wakefield Waterfront site.^{xiii}
- In Middlesbrough, MIMA's combined supply-chain and induced spending generates over £1.1 million of economic benefit (GVA) in the local area each year, with £400,000 of economic benefit.^{xiv}

During nine months to April this year, galleries outside London attracted a combined new visitor spend of £25 million to their local economies, with more than half of visitors from outside the local area.^{xv}

Public investment delivers these returns by supporting creative talent as well as infrastructure and by investing in the thousands of professional artists who are ultimately responsible for the UK's global reputation for artistic excellence and for making galleries like Tate, Turner Contemporary and the Baltic the huge international successes that they are.

In the South West, Arnolfini, Bristol and Newlyn Art Gallery and The Exchange, Penzance, who bookend the region, reflect the economic impact of visual arts organisations in major cities and rural economies alike. Arnolfini generates a return of £3.60 local GVA and Newlyn Art Gallery & The Exchange achieves £2.40 for each £1 of public investment they receive.

This modest public funding in the Visual Arts is an investment in the talent, ideas and innovation that drive economic and employment growth.

Further reductions in public investment do not just threaten the opportunity to develop the Visual Arts as a platform for sustainable economic growth.

As this year's Warwick Commission report found, without continued baseline funding, the Visual Arts, and wider creative and cultural industries, will struggle to even maintain their current creative success and leading international role.^{xvi}

THE VISUAL ARTS: SPENDING TAX PAYERS' MONEY RESPONSIBLY

- **The visual arts sector delivers bigger returns on public investment than any other artform.** Arts Council England's investment in the visual arts outperforms the returns of any other artform. We deliver 40% of all Arts Council funded activities and 25% of total audiences but receive just 12.5% of what ACE spends on supporting arts and culture.^{xvii}

VISUAL ARTS OUTPERFORMS THE RETURNS OF ANY OTHER ARTFORM

- **Public investment in the visual arts delivers value to people from all backgrounds** by providing free access to exciting, quality art and makes a strong contribution to cultural and civic life.

For example, in Lancashire and Cumbria tax payers each contribute £1.45 a year to visual arts activity for a population of 1.9 million people.

Their investment delivers an economic impact of £14 million, supports 195 full or part time workers and 12 organisations with a combined turnover of £8.5 million.

These organisations between them stage events which attract 500,000 local people every year and have an online audience of almost one million.^{xviii}

85% OF ARTS ORGANISATIONS WHICH RECEIVED ARTS COUNCIL ENGLAND CATALYST FUNDING HAVE PILOTED NEW FUNDRAISING METHODS.

- **The Visual Arts sector is successfully adapting to the changing funding landscape.** 85% of arts organisations which received Arts Council England Catalyst funding have piloted new fundraising methods.^{xix} Visual arts organisations are now in the top three artforms for both business investment and giving from trusts and foundations^{xx} and artists themselves are becoming more entrepreneurial and developing more sustainable portfolio careers so they are less reliant on publicly funded opportunities. One major survey of visual artists showed how more than 50% are engaged with arts research, community art, exhibitions, art fairs, festivals, private commissions, residencies, selling or teaching indicating the resourcefulness of practitioners in developing a portfolio of income streams in response to the financial situation.^{xxi}

THE VISUAL ARTS: SPENDING TAX PAYERS' MONEY RESPONSIBLY

Artist studio costs remain a big issue for artists (especially in London) but many artist networks around the UK are pioneering more sustainable studio solutions which provide affordable space for artists from all backgrounds using minimum baseline public funding and new partnerships with other sectors. Artists are also mobilising themselves through membership organisations like the Artists Information Company and the recently formed Artist's Union England which will encourage collaboration and dialogue with organisations employing and engaging artists.

IN MANCHESTER, FOR EXAMPLE, GALLERIES AND MUSEUMS HAVE TOTAL EMPLOYMENT IMPACT OF 2,152 FTES, A TOTAL GVA IMPACT OF £86.93 M

- **Funding of the visual arts sector supports the success of Government investment in major infrastructure and policy on regional devolution.** New publicly-funded galleries are delivering more than £10 million a year for each of the local/regional economies in which they are based, and directly support Government policy on regional devolution. In Manchester, for example, galleries and museums have total employment impact of 2,152 FTEs, a total GVA impact of £86.93 million and directly generate over £122 million of additional tourist expenditure. 'HOME', a new arts organisation combining the city's former Cornerhouse arts centre and Library Theatre, is a lynchpin in the first phase of Manchester's £500 million First Street North project which will create an estimated 11,000 new jobs.^{xxii}
- **The Visual Arts sector delivers even greater value for the Government's investment in schools.** Research clearly shows that students from low income families who take part in art are three times as likely to get a degree; the employability of students who study arts subjects is higher and they are more likely to stay in employment.^{xxiii} Further, our galleries have pioneered new, imaginative approaches to actively engage audiences of all ages, with such success that the UK is now an acknowledged world leader in gallery education.^{xxiv}

THE VISUAL ARTS: SPENDING TAX PAYERS' MONEY RESPONSIBLY

- **The Visual Arts make Treasury investment in the NHS go further by improving the health and wellbeing of patients^{xxv} and reducing the length of hospital stays.^{xxvi}** Artists work directly with UK hospital trusts like St George's University Hospital in London, delivering innovative arts programmes, projects and commissions to enhance the health and wellbeing of millions of patients every year.
- **The Visual Arts can deliver even greater value with Government (and Treasury) support to:**
 - i. Make sure that galleries in receipt of public funding pay exhibiting artists. a-n The Artists Information Company's Paying Artists Campaign evidenced that 71% of artists do not get paid for their exhibitions in publicly funded spaces, 59% do not get expenses and almost two thirds have to turn down exhibition requests because they can't afford to work for nothing.^{xxvii}

71% OF ARTISTS DO NOT GET PAID FOR THEIR EXHIBITIONS IN PUBLICLY FUNDED SPACES

Consultation with the Visual Arts sector shows clear feeling that visual artists should be paid like any other workers and public funding should support this principle and promote public access to art which is diverse and reflects life from different backgrounds.

More practically, lack of payment from galleries is prompting many artists to consider alternative professions, so undermining the roots of the ecology on which our economic contribution to the UK rests. **We believe galleries can adapt the way they work to provide fair payment but further cuts in public funding will make this even harder.**

- ii. Encourage arts organisations and some galleries to employ paid, part time staff instead of volunteers and unpaid interns, so producing more tax for the Treasury and more flexible job opportunities which support the portfolio careers of artists.

THE VISUAL ARTS: SPENDING TAX PAYERS' MONEY RESPONSIBLY

- iii. **Support research into artist studio business models** (using a range of private, public/private, community interest, social enterprises, BID supported/regeneration models) to support a strategic, informed sustainable approach to the provision of quality artist studios and hubs across the UK. The current cost of studio rents (up to £1,400pcm according to an a-n The Artists Information Company survey), combined with increasing cost of living and residential rents now make it difficult for many artists to sustain their practice, particularly in London where many are either moving out of the sector, or out of the city as a result.

WASPS SUPPORTS 26 CHARITIES AND SOCIAL ENTERPRISES, 34 CREATIVE INDUSTRY COMPANIES AND 799 JOBS

Workshop and Artists' Studio Provision Scotland Ltd (WASPS) ^{xxviii} houses c. 900 artists in its studio network across Scotland. WASPS supports 26 charities and social enterprises, 34 creative industry companies and 799 jobs. As a company WASPS works with its partner charity, The Wasps Trust to buy, develop and hold property in trust for the Scottish arts community and has recently established WASPS Creative Industries Community Interest Company to lead the development of commercial workspaces within its portfolio, the profit from which is reinvested back into the charity. To date it has raised c.£18.5 million to invest in buildings for arts use and owns c.2/3 of its property portfolio, securing permanent studios for artists. Its activities support the regeneration of many deprived communities and redevelops redundant, historic buildings, attracting jobs and improving the physical appearance of local communities. With this model WASPS aims to be a fully self-financing charity and social enterprise.

THE VISUAL ARTS: SPENDING TAX PAYERS' MONEY RESPONSIBLY

iv. **Encourage flexibility in application of Universal Credit.**

Implementation of Universal Credits threatens the ability of visual artists to practice and contribute to the UK's visual arts economy. Most visual artists earn an average of just £9,000 a year from their practice.^{xxix}

Artists are largely self-employed (for example, 78% of Scottish Artists Union's membership of 1,300 professional artists and makers are self-employed, compared with 12.2% of the general population. This profile is reflected among the 47,000 strong community of visual artists across the UK). This tends to mean artists have disproportionate difficulty in securing loans and mortgages, which leads to further precariousness in living and working conditions.

Artists often lead portfolio careers and have sporadic unpredictable incomes which often rely on (relatively small) benefit payments to maintain secure lifestyles. Universal Credit eligibility requirements and monthly income demands will mask the true picture of artists annual income and subsistence, while the indefinable nature of their work is unlikely to be recognised as 'gainful employment'.

The Scottish Artists Union^{xxx} and Artists Union England are surveying their memberships to assess the impact of new benefits criteria on the incomes and sustainability of their membership. Early indications show a high level of concern that many artists will be forced to look for other work, or will have crucial benefits sanctioned, if the Department of Work and Pensions does not recognise their professional status.

MOST VISUAL ARTISTS EARN AN AVERAGE OF JUST £9,000 A YEAR

SPECIFIC RECOMMENDATIONS FROM THE UK VISUAL ARTS SECTOR:

THE TREASURY CAN SUPPORT THE UK WIDE ECONOMIC CONTRIBUTION OF THE CULTURAL SECTOR AND IN OUR CASE THE VISUAL ARTS AND ITS POTENTIAL AS A PLATFORM FOR ECONOMIC GROWTH BY DEVELOPING A SIMPLER, FAIRER TAX SYSTEM AND:

- i. **Acting to preserve funding for the Visual Arts sector in order to sustain and, exploit, its potential as a platform for sustainable economic growth**
- ii. **Introducing a Visual Arts tax credit** (similar to the successful Film Tax Relief and Theatre Tax Relief) would provide a per exhibition/gallery re-display tax relief benefit giving a deduction for corporation tax purposes that can also be surrendered for a payable tax credit.
- iii. **Extending Section 33a VAT Refund ruling beyond museums to include all galleries.** Galleries often have two companies: a trading company, through which all VAT is recoverable and a Trust Company, through which only a % is recoverable. Galleries therefore have to allocate a proportion of their budget to pay this non recoverable VAT element, which can be substantial. If they had the same Section 33a Status as National Museums and Galleries, it could make a substantial saving to visual arts galleries, levelling the current competitive financial advantage national museums currently have
- iv. **Providing clarity on Gift Aid on philanthropy and arts events, including performance, which will have a major impact on stimulating philanthropic giving to the Visual Arts.** The current rules regarding donor benefits are complex and HMRC interpretations are not consistent. We welcome:
 - Clear guidance, including a list of items that will not negate Gift Aid, to enable organisations to structure membership and giving schemes tax efficiently and to explain those structures to their supporters.

SPECIFIC RECOMMENDATIONS FROM THE UK VISUAL ARTS SECTOR:

- Simplification of the scheme so that a maximum benefit, in percentage terms, is applied across all donations (in contrast with the current scheme, whereby there is a 25% cap on donations of £100 or less, but £25 for those of £101-£1,000 and 5% above £1,001).
- Alignment of the definition and valuation of benefits for Gift Aid with that for VAT, reducing administration and the costs associated with seeking specialist tax advice. This might require some special VAT concessions for charities.

v. **Amendment to Miscellaneous Provision Statutory Instrument to re-classify galleries as educational hereditaments.**

Changes in the way business rates are applied for galleries are having detrimental impact on their viability. Reclassification of galleries would reduce their long term liability and increase their resilience.

Making it easier for artists to access and use financial services

- vi. **More pensions support and advice for artists.** Just 16% of visual artists have a pension.^{xxxi} Artists typically work on zero hour contracts, have little or no financial security, little access to traditional sources of pension support and, for new graduates, the weight of indefinitely carrying substantial student debt well into adult life. Developing a pension solution is about affordability and flexibility. We need support for further research and action into viable models of pension provision for visual artists (that allow for low-level or changeable contributions) with relevant financial planning advice for artists to assist them with a tax efficient means of saving for retirement and make them less reliant on the public purse in later years.

JUST 16% OF VISUAL ARTISTS HAVE A PENSION

- vii. **Increased promotion of, and access to business, pension and other financial advice and support for micro visual arts and crafts businesses.** The Crafts Council has highlighted that the GVA of micro-businesses in 2012 was £81m, although DCMS counts only the minority of these businesses and freelancers - those who earn over the VAT threshold. Micro businesses are therefore effectively absent from the recorded economy and from the Government's understanding of their needs. Micros find it harder to access business support, training or apprenticeship schemes for which the bureaucracy is too great for a sole trader to take on.

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