



ARTISTS' FEES & PAYMENTS

UPDATED FOR 2006/07

Establishing a charge rate for a working artist

Also available as The artist's fees toolkit on www.a-n.co.uk



£5.00

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ESTABLISHING A CHARGE RATE FOR A WORKING ARTIST

Richard Murphy, Chartered Accountant

INTRODUCTION

a-n's Code of Practice for the Visual Arts¹ encourages artists and arts organisers to "contribute confidently" when making professional arrangements. In particular, it requires recognising worth and "considering the value of all the resources that are brought to the project".

Research commissioned in 2004 by a-n from the University of Newcastle² highlighted that earnings of visual artists were, overall, low in comparison with other professional workers with similar levels of education, expertise and commitment: "Visual artists are around three times as likely as the working population in general to be self-employed. As self-employed people, they negotiate remuneration and other conditions such as payment for materials, timing of payments and deadlines on an individual basis with client organisations".

This research also reveals some confusion amongst those who benefit from artists' skills and services – arts officers, galleries, commissioners, etc – about who should recommend and set artists' rates, and precisely how to place a monetary value on artists' creative contributions to public services. Amongst employers interviewed however, there were generally strong views that "experience and reputation should command higher rates".

And as Lucy Kimbell comments, the value of artists should not be under-estimated: "Doing the work, whatever it is, requires the artist's skills, knowledge and experience, the application of the artist's intelligence, his or her passion, commitment and integrity."

In the light of these findings and because of a-n's strategic role as the UK's representative body for artists and trusted adviser to employers of artists, we commissioned financial expert Richard Murphy to design a practical framework that demonstrates how visual artists can take responsibility for their working arrangements and establish, and make the case for, their charges and fees.

Writer

Richard Murphy is a chartered accountant who regularly contributes to debates on taxation and pension issues as a journalist, campaigner and occasional broadcaster.

Cover

Anne Kathrin Greiner, from *Disciplined Spaces: aspects of three German schools, 2002*. www.akgreiner.com
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The framework takes into account:

- The level of remuneration for comparator professionals
- The costs specific to freelance working
- The artist's particular circumstances and location
- How an artist's knowledge and experience level impacts on charges

Provided here in printed format with explanations and sample figures based on an artist with three years experience³, *Establishing a charge rate for a working artist* is also available as a free interactive resource on www.a-n.co.uk entitled *The artist's fees toolkit*.

This enables artists to put in their own income requirements and costs and, at any time, to calculate a daily rate, produce accurate estimates for a specific job or proposal and also to update their income forecasts against annual inflation rates.

Artists can use this material and other resources in the Fees and payments portfolio on www.a-n.co.uk when in negotiation with employers and commissioners on developing projects. In particular, *Good practice in paying artists* is specifically aimed at public-sector employers and includes sample rates, job description and person spec and some FAQs. *Good exhibition practice* contains advice on exhibition fees, a contracts checklist and a negotiating framework.

Thanks to support from Arts Council England, these publications, the associated Fees and payments research, *The artist's contracts toolkit* and the *Code of practice for the Visual Arts* are all freely available on www.a-n.co.uk. Collectively, they are designed to raise awareness of good practice frameworks amongst practising artists, art and design students, cultural bodies, public sector employers and tutors, advisers and trainers in HE and professional development organisations.

Susan Jones

Director of Programmes,
a-n The Artists Information Company



Notes

1 The Code of Practice for the Visual Arts, published by a-n The Artists Information Company in 2003, with versions for artists and arts organisers is on www.a-n.co.uk > Knowledge bank > Professional practice > Code of practice

2 Fees and payments for visual artists report for a-n The Artists Information Company by University of Newcastle, 2004 is on www.a-n.co.uk > Knowledge bank > Professional practice > Fees and Payments

3 The sheets at the end of this document can be used for your own figures

4 Go to www.a-n.co.uk > Knowledge bank > Professional practice > Fees and Payments
The artist's fees toolkit.

BACKGROUND

Artists face a wider range of problems when faced with the challenge of making a living than do most people. These include:

1. Deciding what to do

For example, the artist has to decide between:

- Making work for sale, with this in turn having a substantial range of alternatives available within it;
- Providing services such as residencies and workshop leadership, with, again, a whole range of alternatives available.

For most professions the range of options is narrower once a person has been trained, and the option of undertaking some or all of a diverse range of activities much less likely than it is for the artist.

2. Finding someone to buy it

The artist has little choice but to market their own work, even if that only goes so far as engaging an agent for those in the position to do so. In general this task is easier for many other professions because what they provide is wanted as a matter of varying necessity. In contrast, there is a common feeling amongst those not engaged in the arts that they are an optional addition to life. Inevitably this increases the stress of this process for an artist.

3. Setting a price for it

Some aspects of art are indisputably subjective. Any payment that will be made will depend upon the whim of the purchaser in ascribing value to whatever they are presented with. And most purchasers will consider themselves expert in this process, which is quite unlike the situation faced by most professionals who not only are expert in what they do, but are the main experts in the price of it as well, with that price rarely being subject to significant challenge unless some other aspect of the service has failed.

WHAT THIS RESOURCE IS ABOUT

This resource does not try to solve all the problems an artist can face in pricing their work. Anyone seeking to do that might be a little too ambitious. Instead it concentrates on pricing the services that many artists choose to supply, as opposed to any tangible products they sell. There are two reasons for this:

1. this area appears, if anything, more subjective than pricing a product;
2. for many artists this is a core part of their work, and their ability to make a living depends upon it, but many people do not appreciate that fact and so tend to undervalue the services supplied.

It therefore covers the second part of section 1 above and part 3. It does not cover the tangible supply of products and it does not cover how to find work.

THE ARTIST AS SERVICE SUPPLIER

The artist who supplies services to a client is part of a substantial community within the UK whose existence is, however, little noticed and maybe even less understood. That broader community is made up of skilled people who choose to provide their services, often defined in terms of a definite time input, on a contractual and usually freelance basis.

That this community is misunderstood is obvious from the government's reaction to its existence. Despite all its talk about promoting small business and the enterprise culture the government's reaction to the provider of contract services is probably more accurately assessed by the challenges that the Inland Revenue has made to the tax status of independent contractors by seeking to subject them to PAYE or by imposing the notorious IR35 rules on their companies, so seeking to limit the expenses they can claim.

FREELANCE STATUS

This note assumes that the artist who is pricing for their work is a freelance contractor, and will be taxed on that basis. This means that PAYE will not be operated on the payments to be made to them. Do note however that this is only true if:

1. the artist is seeking to undertake a trade by equipping themselves with the necessary resources to do so and is incurring costs in this process and is supplying services to a reasonable range of customers / clients;
2. the artist is taking financial risk in supplying the services;
3. the artist is probably supplying more than their labour and might, for example, also be supplying materials, equipment or ancillary tools and facilities to enable the supply of services to take place;
4. the artist is not undertaking a key role, and particularly one of a management nature, inside the organisation that is paying them;
5. in education the service supplied is not teaching, or if it is, it is only an occasional workshop;
6. most importantly (and with some difficulty in many cases) the artist is either allowed to supply someone else to provide the service if they are unable to do so for any reason (even if in practice they never have) or they are allowed to engage people to assist them to do so without the permission of the person making payment to them.

The above list cannot describe all the conditions that are necessary to prove that an artist is a freelance provider of services, and in some cases, such as education, the rules are specific and tight and many artists who might be considered freelance contractors for any other service are considered employees in this case. If you are in doubt as to your status in general or with regard to any specific contract tax advice should be sought.

PRICING

What can be said is that whenever freelance status is agreed there remains a need to agree a rate for a job of work. The basic processes involved in setting that rate are:

1. deciding what you think you should earn;
2. working out over what period you need to earn this;
3. deciding what additional costs you suffer and which have to be paid before there's anything left over for you, such as:
 - costs an employer usually pays, such as national insurance and pension contributions
 - direct costs of doing the work
 - the ongoing costs you incur to work as an artist.

WORKING BY EXAMPLE

Given that accounting is not most artist's first love, and because doing numbers without an obvious benefit is more like a school maths lesson than anything else, this note comes with an example. At the end of this document you can find all the forms you need to complete to do a pricing exercise for yourself. Throughout the text there are examples of how to complete these forms.

Purpose of the example

The purpose of the example is to:

1. encourage you to decide what your target annual earnings are;
2. assist you in working out what the cost to an employer of paying that rate is;
3. help you work out the number of days a year on which you can really work;
4. calculate your daily 'labour only' rate. This is the rate you would need to charge to achieve your earnings target if you had no other costs as an artist;
5. calculate the daily disbursements you are likely to recharge;
6. help you work out your annual overheads as an artist, and then translate these to a day rate;
7. combine all these components into an overall day rate;
8. provide you with a document to justify that rate if challenged to do so;
9. provide an estimate for a piece of work.

In all that's an ambitious programme, but it's not as daunting as it might seem. In particular, do remember that absolute precision is not necessary in all that follows. It's quite acceptable for a figure to be a 'good enough' estimate and in most cases it will do little to invalidate the outcome.

Deciding how much you want to earn

If you ask anyone how much they want to earn the almost invariable answer is "lots", or something like that. The reality is that most of us never will earn "lots" and so a sense of realism is needed about how much you actually hope to earn.

That realism has to be based on three things:

1. what other people doing the same sort of work earn;
2. what similarly qualified people in different, but not entirely dissimilar, jobs earn;
3. your own experience and flair.

The first two of these measures are reasonably objective; the third can only be assessed individually. That, however, does not mean you should dismiss its importance. It is also important for you to consult others about it, especially if you doubt what experience and flair you have, as is common amongst very many talented people. But little more can be said about it here.

As a-n has discovered, comparison of the rates that artist's earn is a thankless task. This makes the first option difficult. As a result the second option might well be better as the basis for assessment of what to expect to earn. There are in fact several strong and logical arguments to support this view:

1. artists have traditionally been undervalued, so to make comparison with historic payments to them might just be to continue a trend of underpayment;
2. most people who employ artists do not know an artist's worth and so will need to use other measures to help them form an opinion.

Perhaps the most obvious comparison to be made is with teachers. Again, there are strong logical reasons:

1. teachers are usually graduates, and many will have an additional qualification as well, making the training period 4 years, similar to that of many artists;
2. most teachers are employed by local authorities, and many artists will also be engaged by such authorities;
3. artists are sometimes engaged to undertake work similar to that of teachers e.g. leading workshops;
4. many of the management skills required by an artist are similar to those used by a teacher.

a-n has found that in September 2005 teachers were paid the following approximate sums:

- starting salary (outside London) £19,161;
- average salary for an established teacher (outside London) £31,464;
- a teacher's salary increased by 2.5% in September 2006.

An average teacher has probably had at least ten years service, after which automatic annual promotions tend to cease. Until then they are worth approximately £1,000 a year. London weighting tends to be worth not much more than £1,000 a year.

Interpreted for an artist this might mean, in 2006, having rounded things to the nearest thousand pounds that:

1. a newly qualified artist, straight out of college should aim to make £22,373 a year;
2. an artist ten years out of college should hope to make £36,387 a year;
3. you should add about £1,100 a year for extra experience in between these times;
4. after you have worked for about ten years increased earnings have to be justified by personal additional experience and flair, although this option is always available at any time earlier than that if it can be justified;
5. if you are working in an expensive, and probably urban area, it is justified to increase your target earnings to allow for this fact by more than £1,000 a year.

Beginning to fill in the form

Having considered the above factors decide upon your target earnings. It's then time to start filling in the form. Do this by:

1. putting your name and the date on it;
2. if you're planning to quote for a particular job, by filling in the description of that job;
3. by entering your target earnings into answer box to question 1 – marked **A** on the form.

Once you have done that it should look something like this: (fig. 1)

Name	Richard Murphy	Date	01/10/2006
Quotation for work	Job Name Coveney Library		
1. Expected annual income after all expenses but before tax	£	28,320	A

Fig. 1

Note that the boxes that need filling in are in white.

Note that all figures used are suggestions for an artist with three years' experience located in a city in September 2005.

Adding on an employer's costs

Section 2 of the form deals with the costs that an employer would have to pay if they employed you, but which you will have to pay if you are self employed. A filled in example that continues from the example shown above (as all will do throughout this document) looks like this (fig. 2)

2. Additional employment related costs			
Employer's national insurance	11 %	B	£ 3,115 C
Employer's pension contribution	5 %	D	£ 1,416 E
			£ 4,531 F
3. Total equivalent direct employer costs of expected annual income			£ 32, 851 G

Fig. 2

It's important to note therefore that if you will be employed to do the contract that you are quoting for you probably cannot add these costs on and you should certainly enter 0% in the national insurance percentage box. If no pension contribution is being paid you might still claim one, but any employer might object on the basis that they do not provide pensions to their regular staff, and in that case there is little you can do but agree to a 0% claim in this case.

To work out these costs multiply the annual income in box A by the percentage in box B or box D. To multiply by a percentage you multiply by 0 followed by a decimal point and then type the percentage after the decimal point, so to multiply by 11% you multiply by 0.11 and to multiply by 5% you multiply by 0.05. This is the most complicated maths this form requires!

If you are to be self employed it is suggested that you use 11% as the national insurance value as this is the approximate average payment that an employer has to make for national insurance in connection with a reasonably paid employee. To use 5% for the pension value is fair as this is a not uncommon pension contribution that employers now make to employee pension funds.

Write the resulting figures in the boxes next to the letters C and E and then add them up to make figure F. Then add this to the figure A and you will have figure G. This is the pure labour rate figure that you need to be paid a year to meet your earnings objective. It should be different depending on whether you are employed or self employed. That is because self employed people have to meet their own costs.

Calculating a day rate

It is all very well knowing what you have to charge in a year to achieve your earnings objective, but the reality is that most freelance artists will never work for anyone for an annual period. Indeed, if they did almost by definition they would have ceased to be a freelance artist and would have become an employee. That means that it is vital to turn annual data into day rate targets. Section 4 of the form is designed to help you do this. (fig. 3)

4. Annual weekdays	5 H	x	52 I	=	260 J
Less: Bank holidays			8 K		
Annual leave			25 K		
Training			5 K		
Research and Development time			15 K		
Quoting and making presentations			15 K		
Administration e.g. accounts			10 K		
Sickness and related absences			5 K		
Other			0 K		83 L
Available working days a year					177 M
Labour only day rate				£	185 N

Fig. 3

The first thing to do is decide how many days a week you want to work and enter that in box H. Then multiply that number by 52 to calculate the number of possible days a year you could work and write that in the box marked J. No one will, of course, work that number of days. As a result the next section calculates how many days a year which could be worked will be spent doing other things such as:

- having **bank holidays** off, which you should assume you will do, as almost all employers provide them as time off, and this (or alternative time off) is expected to be a legal requirement soon. There are usually 8 bank holidays a year in the UK and this is the default number shown on the form;

- **taking annual holiday.** You should assume that you will take at least 20 days, as this is the minimum amount an employer should provide to their staff. In practice 25 might be acceptable, but few employers provide much more and so even if that is your objective it may not be wise to show it here since you are seeking to demonstrate that your requests are compatible with those an employee might make of the organisation who are asking you to work for them;
- **training time.** Enlightened employers allow for training time for all staff each year. Few would provide more than five days training a year, so it may be unwise to claim more. 2 to 3 days is probably more normal, but should be included. As a matter of fact, you should also think about spending this time on training courses or equivalent activities just to make sure you do stay in touch with best practice;
- **research and development time.** This is a difficult area, but any artist has to spend time working out and developing their ideas and the way they express them. Part of this will be done almost subconsciously as a reaction to life itself. But means of expressing ideas take time to develop and have a cost, largely in terms of time. If someone is employed in a creative role they are given the time to undertake this research and development. An artist who works on a freelance basis has to do it in their own time, but this reduces the days available on which they can work. So estimate how much time you need for this activity and enter it in the box provided;
- **quoting and making presentations.** Freelance artists have to spend time finding work. Quoting takes time. Not all quotes work, and potential clients know this as they often ask for three quotes. In that case time has to be allowed for undertaking this activity. Estimate (or guesstimate) the time spent on this activity a year and again enter it into the form;
- **admin time.** Anyone who is employed has their tax and national insurance calculated for them. And someone also does their filing. And a host of other jobs that the freelance artist has to do for themselves, such as arranging insurance, keeping the computer up to date and so on. Admin takes a lot of time, especially when dealing with accounts is included and a fair estimate for the time involved should be included in the form;
- **sickness.** It's a simple fact that few people go a year without a day off sick. Estimates of the average number of days off sick a year are rarely less than 5, and in the civil service 10 is more common. A reasonable allowance for both sick leave and time off to cover family and other needs which an employer would provide is appropriate, but should be kept within reasonable limits. Employees who take too much time off are sometimes asked to prove their case, or even lose their jobs;
- **other reasons.** You may have other reasons why you need time off on a regular basis. If so, note them to ensure they are included in the calculation. E.g. other regular paid work, in which case deduct the income earned from that work from box A. Time spent on daytime voluntary work or childcare should also be entered here.

Enter values for each of these in the appropriate boxes marked K. Then add them up to find the total number of days that cannot be worked, marked L. It's likely that the number of days you will use a year for the various reasons noted will be considerable. To many people who might want to engage you the total might be shocking, but if it is there's a good chance they have never been self employed. As example of targeted hours worked, few partners in firms of lawyers or accountants manage more than 125 days of chargeable work a year.

Even managers in those firms would struggle to do 190 days client work a year, and they have serious admin support. So the fact that without such support an artist achieves something between these targets is to be expected. And remember, a teacher only spends about 195 days at most in front of a class in the UK state school system. So be prepared to defend the fact that you cannot work productively for clients most days of the year. No one can if they are honest about their real productive output.

Having worked out the figure for box L take this off the figure in box J to come up with the total number of days that can be worked, and write this in box M. Then divide the figure in box G by the figure in box M and write the result (to the nearest pound) in box N. This is what your day rate should be to cover your labour only costs of working.

The importance of the labour only day rate

It's highly unlikely that you will want to quote any client your 'labour only day rate'. That's because as a freelance artist you will have other costs you will want anyone buying your services to cover. But knowing this rate is important because:

1. this is the basis of what you get (although it also includes employer's national insurance);
2. any client can then differentiate between what they might see as being your profit and the costs they also need to reimburse. In many cases it is easier for them to reimburse costs than it is to pay a higher day rate, so to split the two often makes it easier to get an enhanced rate agreed.

As a result, whilst this rate will not be the one you want to quote, knowing it may well make it easier for someone to agree to pay you what you think the right rate for the job is when costs have also been taken into account.

Costs

Costs fall into three groups, and this is reflected on the form:

1. **Additional recurring costs of working** because you have taken on a particular piece of work. Such costs might be:
 - a. extra travel costs;
 - b. daily use of materials;
 - c. subsistence costs incurred because you're not working at home e.g. buying lunch (and almost all employers think it their duty to cover such costs when they ask employees to work away from their normal place of work);
 - d. anything else you might think of.

These daily additional costs should be added to the form in section 5. When completed this might look like this: (fig. 4)

5. Direct disbursements per day			
Add:	Extra travel costs	£	7
	Materials	£	10
	Subsistence	£	4
	Other	£	-
		£	21
6. Day rate required to cover labour and additional daily direct costs of the job			£ 206

Fig. 4

As an absolute minimum you need anyone who engages you to cover those costs. Enter the figures for each additional daily cost you incur in the boxes marked O, add them up and enter the total in box P and then add that total to the figure in box N. The result is put in box Q. This shows the day rate required to cover these costs plus the labour only costs of the job.

2. Overhead costs. These are dealt with in section 7. The costs referred to are those that you will have to incur to put yourself in a position to do your work. What these are will vary considerably between different artists, but the form should (hopefully) cover most scenarios. If it doesn't, use the 'other' boxes provided and do not worry too much, because you will never want to show this part of the form to anyone. It's a working document. When it is completed it might look like fig.5.

The key issue is to identify your annual costs. An obvious way to do this is to look at your last accounts, if you have them, and to allow for any changes you know you have made since. And do remember that additional daily costs have already been covered, and any other specific costs of the job will be dealt with in the next section so it is just overheads we are concerned with here.

It's also important to bear in mind that you cannot get this part of the form right. You aren't clairvoyant so you cannot know precisely what your annual costs for the current year (which is what you should really be considering) might be. Best estimates (otherwise called good guesses) will do as a result.

For some things this is easy. If you pay £150 a month in rent, the annual bill will be £1,800. Other things aren't as straightforward. No one knows precisely what it will cost to run a mobile phone in a year, so base your estimate on the last few months and hope things will be roughly the same.

In some areas what you spend will be a matter for you to decide. Research can cost as much or as little as you want, within reason. And you need not employ an accountant, but you might decide it is efficient to do so. Again, there are no rights and wrongs here. It's a business decision you will be making.

The areas which may be more complex are the cost of equipment and finance costs if you are borrowing money to pay for such things. First of all, cars should only be considered here if you are only allowed to claim a petrol rate on additional daily costs. The Inland Revenue will let you claim 40p a mile from a client, and will treat that claim as tax free as long as you don't claim for more than 10,000 miles a year. If you can do that the full cost of your car will have been covered. If you can't then an estimate of what it costs in terms of fixed costs (insurance, servicing, and reduction in value) in a year is needed here.

On other items the figure that goes in here is a fair estimate of the cost of having the equipment in the year. In general for electronic and photographic equipment assume it lasts three years. So if you have equipment that cost £2,100 the annual cost is £700. For other equipment a five year life is more realistic, so if the equipment cost £3,000 then £600 should go in here.

As for financing costs, the only part you should include is the interest. If you cannot identify that bit alone, ignore it. It's unlikely to change the outcome that much.

Once you have made a decision as to what these costs might be, write each of them in the separate boxes provided (called R and S for insurance and T for everything else). The add up all the T figures in each group and put the answer in box U for each group. Finally add up R, S and each box U and write the answer in box V.

This figure in box V is a reasonable estimate of the cost of actually running your business for a year. This has then to be divided by the number of days you can actually work a year (box M) with the answer (to the nearest pound) being written in box W, which is then to be added to the previously calculated day rate for labour and direct costs in box Q, with the answer being

7. Overhead costs that must be paid as an artist (annual basis)

Business insurance	£	200	R
Professional and product liability insurance	£	250	S
Premises costs:			
Rent	£	2,000	T
Rates	£	500	T
Heat and Light	£	600	T
Repair	£	200	T
Security	£	-	T
Other	£	-	T
	£	3,300	U
Telephone and communication costs:			
Phone	£	400	T
Mobile	£	300	T
Internet and email	£	360	T
Post and stationery	£	90	T
	£	1,150	U
IT Costs:			
Software licences	£	150	T
Consumables	£	500	T
	£	650	U
Research costs:			
Books and magazines	£	400	T
Materials for research	£	500	T
Travel for research	£	300	T
Courses	£	100	T
Protective clothing	£	120	T
Other	£	-	T
	£	1,420	U
Professional and advisory services:			
Accountancy	£	350	T
Legal advice on contracts	£	200	T
Other	£	-	T
	£	550	U
Promotional costs:			
Advertising	£	200	T
Publicity materials	£	300	T
Website	£	200	T
Other	£	-	T
	£	700	U

Fig. 5 (continued over)

Equipment costs (annual equivalent):			
Car (business element)	£	1,500	£
Computer (3 year life)	£	500	£
Printer (3 year life)	£	100	£
Camera (3 year life)	£	100	£
Studio equipment (5 year life)	£	1,000	£
Other	£	-	£ 3,200
Finance costs:			
Bank charges	£	150	£
Bank and other interest	£	400	£ 550
Annual overhead costs	£	11,970	£
8. Day rate required to cover annual overhead costs	£	68	£
9. Total day rate required to cover required earnings, direct and overhead costs	£	253	£

written in box X. This is the answer we have been looking for all along, which is what your day rate needs to be to let you make a living from the job you are looking at quoting for.

Is the day rate OK?

The obvious question to ask at this stage is “does that day rate seem OK?” If your day rate is substantially different from that of your peers or for work offered for an artist with your experience, you have to consider why. It doesn't mean your rate is wrong. The rate may be just what you need to charge, but if the market won't pay it then you might be in trouble. In that case look at the rate you have calculated and decide if:

1. you have chosen a reasonable income target;
2. you are willing to sacrifice the claim for a pension contribution, because if you are this will reduce the required rate of pay;
3. you have assumed you'll work on enough days a year;
4. your daily additional costs are reasonable
5. you have reasonable overheads for the work you are doing. For example, if you are going to take up a six month residency, will you really need to run a studio as well or will the client be letting you use their space? These are difficult questions, and you might have to take time to consider them. But if you've got the wrong costs for the type of business you're targeting to get then you might always be at a day rate disadvantage and will not win quotes. All the form will tell you in this case is how much you might be losing out by a day when comparing what you can get with what you need to get. But remember, that's useful information in its own right.

Quoting for the job

Actually quoting for a job is different from estimating what you need to charge for it. Firstly, if you really want the job you might be willing to put in more hours to get it, or under price for it. Everyone does that sometimes, but do remember you can't do it all the time.

Secondly, the form you have filled in is not a quote. It's a way of estimating your day rate. You might want to show that to the prospective client as a way of justifying your rate, but if you do then it's unlikely you will want to give them as much detail as you need to work it out. As a result a summary version is available at the end of this form. It is prepared by simply transferring numbers from your working sheet, and the box codes show what from the original sheet goes where on this summary sheet. An example of the completed sheet might look like fig. 6, and is enough to justify your rate without giving away all your commercial secrets.

Even then, there are issues to consider:

1. if the job is for a long period then there's no doubt that winning it will reduce the time you have to spend on quoting for other work, admin, and other issues. It may also reduce your research time. In that case you should either reduce your day rate after you've calculated it, or allow for this when calculating the number of days you have available to work;
2. conversely, if you're only quoting for a day or two the admin and other costs will be high, and a higher rate is justified. This might be 25% more than normal. One-off workshops are, for example, time intensive to research and plan and need rates that reflect that fact.

For these reasons, although you have calculated the figure X shown above when this is transferred to the quote sheet for the work you want to do you might want to change this to a number of your choosing, and it might be appropriate to do so.

Generating a quote

The last sheet of the costing form is a quotation form. It starts with the day rate, as noted above. It should look like fig. 7 when complete.

It's on this form that you need to estimate how much specific time you will spend on a job. There's always room for some misunderstanding at this stage. In particular research time that you spend on a particular job must be different from your general research to keep yourself up to date or you might claim it twice. Inevitably, this is subjective so make sure your estimates are sensible or you will over price the work. But likewise don't deny the time it takes to prepare work, because it often takes longer than you estimate in advance. Also allow for debriefing time. Increasingly people want feedback after a job is done, and this has to be allowed for in your time estimate.

Having calculated the number of days it will take to do a job in section 2, as broken down in boxes Y, add these up to give a total figure and put this in box Z. This can then be multiplied by your chosen day rate, which you will have put in box X and you've almost completed the quote by entering the total day rate cost in box AA. However, there is still a third category of costs to consider. Some costs for any job are specific to it, and are neither day rate additions, and nor are they overheads. For example, there might be specific research costs for a job, or materials to be bought which will only be used on it (but will not be consumed on a daily basis) or you might have to hire a piece of equipment to do the work. These costs need to be added

Name	Richard Murphy	Date	01/10/2006
Quotation for work	Job Name	Coveney Library	
1. Expected annual income after all expenses but before tax	£ 28,320 A		
2. Additional employment related costs			
Employer's national insurance	11 % B	£ 3,115 C	
Employer's pension contribution	5 % D	£ 1,416 E	
		£ 4,531 F	
3. Total equivalent direct employer costs of expected annual income	£ 32,851 G		
4. Annual weekdays	5 H	x	52 I = 260 J
Less: Bank holidays		8 K	
Annual leave		25 K	
Training		5 K	
Research and Development time		15 K	
Quoting and making presentations		15 K	
Administration e.g. accounts		10 K	
Sickness and related absences		5 K	
Other		0 K	83 L
Available working days a year	177 M		
Labour only day rate	£ 185 N		
5. Direct disbursements per day			
Add: Extra travel costs	£	7 O	
Materials	£	10 O	
Subsistence	£	4 O	
Other	£	- O	£ 21 P
6. Day rate required to cover labour and additional daily direct costs of the job	£ 171 Q		
7. Overhead costs that must be paid as an artist (annual basis)			
Business insurance	£	200 R	
Professional and product liability insurance	£	250 S	
Premises costs	£	3,300 U	
Telephone and communication costs	£	1,150 U	
IT Costs	£	650 U	
Research costs	£	1,420 U	
Professional and advisory services	£	550 U	
Promotional costs	£	700 U	
Equipment costs (annual equivalent)	£	3,200 U	
Finance costs	£	550 U	
Annual overhead costs	£	11,970 V	
8. Day rate required to cover annual overhead costs	£ 68 W		
9. Total day rate required to cover required earnings, direct and overhead costs	£ 274 X		

Fig. 6 Establishing a charge rate for a working artist – summary

Name	Richard Murphy	Date	01/10/2006
Quotation for work	Job Name	Coveney Library	
1. Day Rate	£ 274 X		
2. Days to do the job:			
Direct research		2 Y	
Preparing materials and other set up time		2 Y	
Doing the work		12 Y	
Debriefing and report backs		2 Y	
Other		0 Y	
Total number of days	18 Z		
3. Total day rate to undertake the work	£ 4,932 AA		
4. Non recurring disbursements not included in day rate			
Research	£	120 BB	
Materials	£	45 BB	
Equipment hire	£	80 BB	
4. contd. Travel and other related costs	£	60 BB	
Other	£	- BB	
Total non daily disbursements	£ 305 CC		
5. Estimated Fee for the work	£ 5,237 DD		
6. Quoted fee for work (Rounded for convenience)	£ 5,240 EE		
Notes			
a.	The estimate of costs is based upon the specification of the work supplied. If that varies the right to change the quoted price is reserved.		
b.	All quoted fees exclude VAT which will be added, if appropriate, at the rate prevailing at the time of invoicing.		
c.	The day rate is made up of:		
Labour rate	£	185 FF	
Daily disbursements	£	21 GG	
Overhead charge	£	68 HH	
Total daily rate	£	274 II	

Fig. 7 Establishing a charge rate for a working artist – generating a quote

Note that figures given in this example are based on an artist with three years' experience, located in a city in September 2006.

on to the labour rate, and boxes BB do this. Add them up, and put the total in box CC. This then needs to be added to the total in box AA to suggest a price for the job. You will note that in the example this does not come to a neat, round number. I have therefore rounded it to such a figure in box EE.

Sending the quote

There are innumerable ways to send a quote for a job, but there's no doubt that the best way is to send it in writing. Again, the variety of ways of doing this is enormous, but you might consider something along these lines word processed on your headed notepaper: (fig.8)

Notes about the letter

All the information to prepare the letter is included in the quote worksheet or the notes to it. You could therefore send that instead if you wished as an attachment to the letter.

The sentence about VAT is, of course, only relevant if you are VAT registered. If you are not then it can be deleted.

And finally... remember three things:

1. Nothing about these figures is cast in stone. The system is meant to help you, and can be used at whatever level of detail you like to assist your understanding of what you should be charging;
2. It's unlikely any two jobs will justify the same rate for many of the reasons noted above e.g. their duration, the amount of daily disbursement and so on;
3. Review your costs regularly. Last year's rate is probably not the right one now.

Good luck!

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Through advocacy and information and from the perspective of artists, a-n's mission is to stimulate and support contemporary visual arts practice and affirm the value of artists in society.

a-n's publications, resources and programmes are relevant to practising artists, art and design students, arts employers, trainers, advisers, cultural planners and all others whose work interfaces with contemporary artists and their practice.

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- **Organisation subscription** – arts organisations, galleries, agencies, information services, libraries. UK, Europe, Overseas £60.

Individuals can subscribe immediately on www.a-n.co.uk or contact subs@a-n.co.uk +44 (0) 191 241 8000 28-day password enabling access to all subscriber-only resources only £5 online.

Client name	
Client address	
Date	
Reference (if any)	
Dear X	
Job Name	
I wish to quote for the above contract that you are currently seeking to place. My price for this contract is a total sum of £4,500. This sum includes all disbursements and materials to be used. It excludes VAT which will be added at the appropriate rate at the time of billing.	
The quoted price is made up as follows:	
My time charges per day	£ 185.00
My daily disbursements	£ 21.00
My overhead costs per day	£ 68.00
TOTAL	£ 274.00
Number of days, split as follows:	
Research	2
Materials preparation and set up	2
Undertaking the work	12
Debriefing etc.	2
Other	0
TOTAL	18 days
Total costs before materials	£4,932.00
Material costs	£305.00
Total costs	£5,237.00
Rounded to	£5,240.00
I will be happy to provide a breakdown of these figures if required. This quotation has been supplied on the basis of the work as specified in the contract details as issued for tender. If those details change and the scope of the work is altered I reserve the right to revise my costs in line with the revised work to be undertaken.	
For your information I attach:	
1. my CV outlining the experience I have to undertake this work;	
2. some photographs of recent work I have completed;	
3. etc.	
More information is available from my web site at www.xxx.com . I will be pleased to discuss this matter with you.	
Yours sincerely	
XXXXXXXXXXXXXXXXXX.	

Fig. 8

Good practice resources on www.a-n.co.uk

Establishing a charge rate for a working artist is a paper version of **The artist's fees toolkit** on www.a-n.co.uk. This enables you to fill in your own figures online and does all the calculations for you. Try it out for yourself – it's great!

Good practice in paying artists – a companion publication, also in pdf format on www.a-n.co.uk, is aimed at public sector arts employers and includes annually updated sample rates, examples of job description and person spec and some useful FAQs.

The Code of Practice for the Visual Arts – online and as a publication free to a-n subscribers that also shows links to related resources across www.a-n.co.uk, and has versions for artists and arts organisers

Good exhibition practice – explores exhibition arrangements including contracts checklist, negotiating framework and case studies of good practice.

The artist's contracts toolkit – unique interactive resource enables you to build up, understand and negotiate contracts in a range of visual arts contexts including commissions and residencies.

Establishing a charge rate for a working artist – worksheet

Name Date

Quotation for work Job Name

1. Expected annual income after all expenses but before tax £ **A**

2. Additional employment related costs

Employer's national insurance	% B	£ <input type="text"/>	C
Employer's pension contribution	% D	£ <input type="text"/>	E
			£ <input type="text"/> F

3. Total equivalent direct employer costs of expected annual income £ **G**

4. Annual weekdays **H** x **I** = **J**

Less: Bank holidays	<input type="text"/>	K
Annual leave	<input type="text"/>	K
Training	<input type="text"/>	K
Research and Development time	<input type="text"/>	K
Quoting and making presentations	<input type="text"/>	K
Administration e.g. accounts	<input type="text"/>	K
Sickness and related absences	<input type="text"/>	K
Other	<input type="text"/>	L

Available working days a year **M**

Labour only day rate £ **N**

5. Direct disbursements per day

Add: Extra travel costs	£ <input type="text"/>	O
Materials	£ <input type="text"/>	O
Subsistence	£ <input type="text"/>	O
Other	£ <input type="text"/>	O
		£ <input type="text"/> P

6. Day rate required to cover labour and additional daily direct costs of the job £ **Q**

7. Overhead costs that must be paid as an artist (annual basis)

Business insurance	£ <input type="text"/>	R
Professional and product liability insurance	£ <input type="text"/>	S

Premises costs:

Rent	£ <input type="text"/>	T
Rates	£ <input type="text"/>	T
Heat and Light	£ <input type="text"/>	T
Repair	£ <input type="text"/>	T
Security	£ <input type="text"/>	T
Other	£ <input type="text"/>	T
		£ <input type="text"/> U

7. contd.

Telephone and communication costs:

Phone	£ <input type="text"/>	T
Mobile	£ <input type="text"/>	T
Internet and email	£ <input type="text"/>	T
Post and stationery	£ <input type="text"/>	T
		£ <input type="text"/> U

IT Costs:

Software licences	£ <input type="text"/>	T
Consumables	£ <input type="text"/>	T
		£ <input type="text"/> U

Research costs:

Books and magazines	£ <input type="text"/>	T
Materials for research	£ <input type="text"/>	T
Travel for research	£ <input type="text"/>	T
Courses	£ <input type="text"/>	T
Protective clothing	£ <input type="text"/>	T
Other	£ <input type="text"/>	T
		£ <input type="text"/> U

Professional and advisory services:

Accountancy	£ <input type="text"/>	T
Legal advice on contracts	£ <input type="text"/>	T
Other	£ <input type="text"/>	T
		£ <input type="text"/> U

Promotional costs:

Advertising	£ <input type="text"/>	T
Publicity materials	£ <input type="text"/>	T
Website	£ <input type="text"/>	T
Other	£ <input type="text"/>	T
		£ <input type="text"/> U

Equipment costs (annual equivalent):

Car (business element)	£ <input type="text"/>	T
Computer (3 year life)	£ <input type="text"/>	T
Printer (3 year life)	£ <input type="text"/>	T
Camera (3 year life)	£ <input type="text"/>	T
Studio equipment (5 year life)	£ <input type="text"/>	T
Other	£ <input type="text"/>	T
		£ <input type="text"/> U

Finance costs:

Bank charges	£ <input type="text"/>	T
Bank and other interest	£ <input type="text"/>	T
		£ <input type="text"/> U

Annual overhead costs £ **V**

8. Day rate required to cover annual overhead costs £ **W**

9. Total day rate required to cover required earnings, direct and overhead costs £ **X**

Establishing a charge rate for a working artist – summary

Name	<input type="text"/>	Date	<input type="text"/>
Quotation for work	Job Name <input type="text"/>		
1. Expected annual income after all expenses but before tax	£	<input type="text"/>	A
2. Additional employment related costs			
Employer's national insurance	% B	£ <input type="text"/>	C
Employer's pension contribution	% D	£ <input type="text"/>	E
		£ <input type="text"/>	F
3. Total equivalent direct employer costs of expected annual income	£	<input type="text"/>	G
4. Annual weekdays	<input type="text"/> H	x	<input type="text"/> I = <input type="text"/> J
Less: Bank holidays	<input type="text"/>	K	
Annual leave	<input type="text"/>	K	
Training	<input type="text"/>	K	
Research and Development time	<input type="text"/>	K	
Quoting and making presentations	<input type="text"/>	K	
Administration e.g. accounts	<input type="text"/>	K	
Sickness and related absences	<input type="text"/>	K	
Other	<input type="text"/>	K	<input type="text"/> L
Available working days a year		<input type="text"/>	M
Labour only day rate	£	<input type="text"/>	N
5. Direct disbursements per day			
Add: Extra travel costs	£	<input type="text"/>	O
Materials	£	<input type="text"/>	O
Subsistence	£	<input type="text"/>	O
Other	£	<input type="text"/>	O
		£ <input type="text"/>	P
6. Day rate required to cover labour and additional daily direct costs of the job	£	<input type="text"/>	Q
7. Overhead costs that must be paid as an artist (annual basis)			
Business insurance	£	<input type="text"/>	R
Professional and product liability insurance	£	<input type="text"/>	S
Premises costs	£	<input type="text"/>	U
Telephone and communication costs	£	<input type="text"/>	U
IT Costs	£	<input type="text"/>	U
Research costs	£	<input type="text"/>	U
Professional and advisory services	£	<input type="text"/>	U
Promotional costs	£	<input type="text"/>	U
Equipment costs (annual equivalent)	£	<input type="text"/>	U
Finance costs	£	<input type="text"/>	U
Annual overhead costs	£	<input type="text"/>	V
8. Day rate required to cover annual overhead costs	£	<input type="text"/>	W
9. Total day rate required to cover required earnings, direct and overhead costs	£	<input type="text"/>	X

Establishing a charge rate for a working artist – generating a quote

Name	<input type="text"/>	Date	<input type="text"/>
Quotation for work	Job Name <input type="text"/>		
1. Day Rate	£	<input type="text"/>	X
2. Days to do the job:			
Direct research	<input type="text"/>	Y	
Preparing materials and other set up time	<input type="text"/>	Y	
Doing the work	<input type="text"/>	Y	
Debriefing and report backs	<input type="text"/>	Y	
Other	<input type="text"/>	Y	
Total number of days		<input type="text"/>	Z
3. Total day rate to undertake the work	£	<input type="text"/>	AA
4. Non recurring disbursements not included in day rate			
Research	£	<input type="text"/>	BB
Materials	£	<input type="text"/>	BB
Equipment hire	£	<input type="text"/>	BB
4. contd. Travel and other related costs	£	<input type="text"/>	BB
Other	£	<input type="text"/>	BB
Total non daily disbursements	£	<input type="text"/>	CC
5. Estimated Fee for the work	£	<input type="text"/>	DD
6. Quoted fee for work (Rounded for convenience)	£	<input type="text"/>	EE
Notes			
a. The estimate of costs is based upon the specification of the work supplied. If that varies the right to change the quoted price is reserved.			
b. All quoted fees exclude VAT which will be added, if appropriate, at the rate prevailing at the time of invoicing.			
c. The day rate is made up of:			
Labour rate	£	<input type="text"/>	FF
Daily disbursements	£	<input type="text"/>	GG
Overhead charge	£	<input type="text"/>	HH
Total daily rate	£	<input type="text"/>	II