

Written evidence submitted by the Design and Artists Copyright Society (DACS)

Impact of COVID-19 on DCMS sectors: Visual artists and the impact of COVID-19 Evidence to the Digital, Culture, Media and Sport Select Committee, April 2020

#FairShareforArtists – www.fairshareforartists.org

About DACS

Established by artists for artists, The Design and Artists Copyright Society (DACS) is a not-for-profit visual artists' rights management organisation.

Passionate about transforming the financial landscape for visual artists through innovative new products and services, we act as a trusted broker for 100,000 artists worldwide.

Founded over 30 years ago, DACS is a flagship organisation that campaigns for artists' rights, championing their sustained and vital contribution to the creative economy.

Since we were founded in 1984, we have paid over £170 million in royalties to artists and their estates – a significant source of income supporting artists' livelihoods, their practice and legacy. In 2018, we paid £18 million in royalties to artists and estates.

DACS has launched the **#FairShareForArtists** campaign to raise awareness of the issues and challenges that UK artists now face due to the COVID-19 pandemic.

The creative economy relies on all creators, and the art market relies on artists. We need to look after artists by ensuring that they are fairly paid for their work. This keeps them creating artworks and contributing to our culture and economy.

1. The value of artists to our economy and society

Artists make an extremely valuable contribution to our society and economy. The wide variety of work that they produce fuels a thriving UK art market, which prior to the pandemic was worth £10billion.

The outbreak of COVID-19 has left many with an uncertain future. Projects and commissions have been cancelled, new opportunities have ceased to materialise due to closure of galleries, institutions and arts spaces. Due to the restrictions many artists are also unable to access their studios to produce work. Without these opportunities they will struggle to meet their living costs and our creative economy and cultural life will suffer.

2. The support that is required now

While the measures put in place by the Government to protect self-employed workers have been welcomed, they do not address the specific needs of most artists.

DACS has set out a number of clear asks that the Government needs to address, in order to support artists and help the art market recover.

We would ask the committee to consider and support these amendments as part of its inquiry:

Support packages do not benefit artists who are struggling now

Artists will not be able to access funds from self-employed support packages until the end of June. Support packages announced by Arts Council England are welcome but unlikely to sustain the majority of individual artists, due to competitive application process and accounting requirements.

Yet many artists are feeling the impact of the pandemic and are struggling already.

Universal Credit is an inadequate stop gap as it takes up to five weeks to receive the first payment. Quickly accessible grants and loans are more suitable support mechanisms for artists and creative freelancers.

Eviction freezes are needed for artists' studios

Commercial tenants are safe from eviction until 30 June. We urge the Government to extend these measures to artists' studios, in order to protect UK culture following the pandemic. Without access to a studio, many artists cannot create work, and our art market will suffer.

Artists survive on turnover, not profits

Artists have significant overheads including studio space, insurance, assistants, and materials. Grants based on profit levels are unlikely to provide the level of support needed to keep living and creating the work our art market depends on.

In addition, many artists support their creative practice through salaried work, such as lecturing or teaching. Further clarity on how this might affect their claims, and what is meant by 'majority self-employed', is needed.

Costs incurred producing cancelled projects should be recouped

On commission of a project it is typical that payment happens in stages. The majority of payment will arrive on completion of the project, with the artist incurring significant production costs throughout.

Artists are currently hit twice – they lose out on completion fees and will lose production costs. We urge the Government to support artists by allowing them to recoup costs incurred in the production of cancelled projects.

Freelancers set up as limited companies will not be supported

Many freelancers set themselves up as limited companies so they can pay themselves a salary to provide some security against fallow periods of work. Setting up a limited company is particularly popular among photographers, as it gives them VAT benefits on their expensive equipment.

These types of freelancers will only be able to recoup a fraction of what they live off each month, as set out below.

The maximum a photographer can pay themselves from the company is about £700 a month before incurring extra tax. The rest of their reimbursement comes via dividends from the company to themselves. As their salary is listed as £700, that's the figure that will be

relevant to the calculation of support via Government schemes. The dividends are not taken into account.

With the economy so unstable, and work so unpredictable, it is unlikely that these freelancers will pay themselves dividends throughout the lockdown period.

They would benefit from being able to calculate Government support based on a combination of their salary and dividends.

3. Protect Artists Resale Right

Longer term the UK needs to protect the other sources of income that artists rely on. Given the potentially long-lasting effects of COVID-19, the financial hardship it is likely to cause, and the ongoing uncertainty that will remain, now more than ever, sources of income such as the Artists Resale Right (ARR) need to be protected.

Artist's Resale Right is a royalty for visual artists. It is paid to an artist on secondary sales of their artworks (i.e. not the first time the artwork is sold). It operates in similar way to royalties for musicians or authors when their works are replayed or reproduced.

Every time a work is resold by an auction house, gallery or dealer for over £830 (€1000), a modest royalty is paid to the artist, calculated on a sliding scale, and paid for by the buyer. Royalties are also capped so that the total amount of the royalty paid for any single sale of a work cannot exceed the sterling equivalent of €12,500.¹

Since it became law in 2006, DACS has paid over £87 million in ARR royalties to more than 5,300 artists. The ARR also compares favourably to other sources of public funding for artists. For example, DACS distributed £18 million royalties in 2018, £10.5 million of which were ARR payments. This compares to £12.7 million of Arts Council England funding for visual arts in the same year. This funding has supported artists while the UK art market has grown to become the second largest in the world.

ARR has a hugely positive impact on artists' lives, the arts and the UK economy. The royalties are an essential source of income. Artists use the money for living expenses, materials and studio space – which helps them to create more work.

To protect UK artists – and the UK's unique position as a cultural powerhouse – we must keep the Artist's Resale Right by retaining it in UK law.

The creative economy relies on all creators, and the art market relies on artists. We need to look after artists by ensuring that they are fairly paid for their work. This keeps them creating artworks and contributing to our culture and economy. If artists can't survive, they can't create, and our creative economy and the richness of British life will suffer as a result.

¹ <https://www.gov.uk/guidance/artists-resale-right>