

SCAN Costs Crisis Briefing

Visual artists and visual arts organisations are feeling the impact of the Costs Crisis this winter. Freelancers, artists and cultural workers are facing the same challenges as low paid workers across the country whilst experiencing opportunity loss and increasing exit from their profession. Organisations must sustain their business in the face of increased costs and decreased funding, whilst finding additional means to support their employees with cost of living challenges.

About SCAN

Scottish Contemporary Art Network (SCAN) connects and champions Scotland's contemporary art community. Our 300 plus named organisational and individual members work at the heart of communities from Shetland to the Scottish Borders and from East Lothian to the Western Isles. They include Scotland's leading galleries, artists' studios, workshops, and production facilities, as well as a highly skilled workforce of artists, art workers, and creative thinkers. Our members are a network of free at the point of access galleries, community organisations, and venues together with the artist-led initiatives, agencies, workspaces, expertise, and production facilities that support artists to pursue their livelihoods.

Current Impact of the Costs Crisis

SCAN surveyed members in September and October 2022.

- 90% of respondents have been impacted by the Costs Crisis.
- Over 70% of respondents described the impact of the cost crisis as substantial
- One quarter of artists and freelancers who responded have already been forced to seek additional or alternative work.

If Help is not Forthcoming

Organisations

Organisational members report that they are using their reserves. Many are already cutting staff hours, reducing staff numbers where possible and will need to consider redundancies.

- One half of respondents will cancel programmes and projects
- One half of respondents will reduce the services they provide

Amongst individual artists and creative freelancers Individual artists and freelancers report hardship and opportunity loss. Some are turning to Universal Credit and others are considering exiting the profession

- 20% will Increase personal Debt
- More than 40% will seek work outside culture sector

SCAN is Calling For

Emergency Response

The lesson from the pandemic is that additional emergency support for culture works, and it works best when it is planned, strategic and implemented across the sector according to need rather than on an ad-hoc or incremental basis. We urge Scottish Government to work with colleagues across the cultural sector and with Creative Scotland to develop a programme for emergency support.

Additional Measures

Two immediate measures, the introduction of Transient Visitor Levy and the development of a % for art scheme, at an investment level linked to national infrastructure spend could be implemented.

Sustainable and predictable Funding for Culture

Cultural funding has been in decline for over a decade. The sector needs multi-year funding agreements, better planning horizons and strategic and transparent investment that meets international benchmarks at 1% investment across Scottish Government spend

Fair Funding for Fair Work

SCAN supports the Scottish Government's Fair Work Framework. Additional investment will be required to ensure that the Fair Work Framework can be met. In a sector where our workforce is predominantly freelance (currently estimates suggest over 80%) and work is often precarious self-employment SCAN supports the emphasis on better support for artists made by the CTEEA in 2019 and the total target figure of 1% investment in culture across Scottish Government spend contained in the committee's report.

Post-Pandemic context

Scottish Government emergency funds distributed by Creative Scotland made a critical difference in stabilising the contemporary art sector, through both individual and organisational support. The recent independent report, Evaluation of Creative Scotland Covid-19 Emergency Funding Programmes, commissioned from EKOS and published in August 2022, states that: "Overall, the evidence is that the emergency funding programmes have played a vital role in sustaining the creative sector through the worst of the pandemic." However, the report also states that: "Now, as energy costs, wages and inflation all rise, the sector will face increased costs as well as reducing audiences as people prioritise essential spending over culture when household budgets come under pressure. Many of the consultees felt that while CS and SC Sc had done well to deliver effective support to the sector, the pandemic had exposed years of under-funding for cultural organisations

and structural weaknesses, particularly in relation to working conditions for freelancers. The most recent recovery funds may help, but questions about the future shape and scale of the sector remain.”

In common with colleagues across the charitable and culture sector SCAN members now face a new crisis around the cost of living, inflation, energy price increases and the increase in costs of export and international working due to Brexit. Individual members and freelance artists already on low incomes are facing inflation, increased costs of materials, the Brexit impact on cost of exports and the likelihood of landlords increasing studio or facility rental costs. Many organisational members, including public buildings and studio providers, will face severe challenges around staffing and operational costs

What our Members are Telling us.

1.Impacts and challenges of the Costs Crisis

Rising Operational Costs

“We don't run a building but the increased cost of fuel, goods and services has affected our budgets.”

“We have recovery funding that will support increased cost of living for the next 12 months but our core organisational costs have risen far beyond the funding available to us after that time.”

“Utility costs have risen exponentially to heat and power our leased, antiquated, and inefficient building. Yet there is little alternative, and this remains one of only empty space in our area that artists have been able to co-opt and utilise.”

“Materials, shipping, Brexit issues, fuel and travel costs all up.”

“Single largest cost impact is gas and electric but all costs including servicing related to H&S and equipment parts have also risen - impacted also by Brexit.”

Fair Work

Our individual artist and freelance members report that they are experiencing personal hardship. Organisations are dealing with the challenge of supporting staff experiencing hardship, for

example through providing cost of living payments. Organisational members recognise they must meet pay increases, such as Living Wage, despite the fact that funding is at a standstill.

“The organisation is run with one member of staff on a fixed salary 12 month contract set by our funder. The salary conditions are not enough to support me (I'm also a single parent) and I'm therefore also on universal credit and its just not enough to live on.”

“We have been working to increase rates of pay and the cost of inflation has negated this. We are looking to provide additional cost of living rises this autumn but we will struggle to meet the cost of these rises.”

“We are facing the challenge of raising additional funds to cover staffing and all activity and building/overheads costs. Keeping up with levels of fair pay and subsequently retaining staff.”

Case Study:

A flagship gallery, must find an extra 100k a year to support staff

“An increase in the Living Wage from £9.90 to £10.90 was announced by the Living Wage Foundation at the end of September. This is an increase of 10.1%, much higher than any previous annual increase. Accredited organisations have until May 2023 to apply the increase. However, our hourly paid staff want us to implement this increase before Christmas, and we would like to apply it to pay it from 1 October, and to apply our cost of living increase for salaried staff at the same time. Our agreed pay policy is to apply the Living Wage for hourly paid staff (front of house) when it is announced, and to apply the Scottish Public Sector Pay Policy (usually announced in December) for salaried staff (office) in April. The costs in the remainder of the current year (October to March) of applying this proposal total £41K. The full additional annual cost is £106K. We are proposing funding this from reserves, given there has been no announcement from government/CS with additional funds. As it stands our reserves will run out in 2024.”

Rural artists and organisations face additional challenges

“No public transport up here so have to drive everywhere. Fuel, food, electricity all more expensive in rural parts feel there is little choice or alternatives for travel for work purposes would and if can't afford to travel, can't work.”

We need “more government support for arts outlets and geographic/regional support networks, and greater recognition of the economic and social value of art. I live on the Isle of Bute where the only public arts and entertainment venue, the Category A-listed Bauhaus-inspired Rothesay Pavilion, has been closed for seven years and refurbishment is stalled. Economic and social regeneration requires infrastructure as well as concepts.”

2. Response to the crisis

Organisations are rescaling, supporting staff through cost of living payments and pay deals and exhausting their reserves. Long term developments are stalled and programmes are being reduced.

“We are paying staff a one-off cost of living payment to support them through winter. Re-arranging programme to spread costs. Using reserves.”

“Our organisation is planning to rescale if we aren't able to support rising costs - this will include changing the use of a part of our programme to generate income; reducing the accommodation we can offer artists and in turn reducing our programme; significantly rescaling our operations and research.”

“We have been developing plans for a new arts space for many years and the crisis has put plans into jeopardy”

“Cost crisis will mean less individuals /groups/organisations will have the financial resources to support costs of residencies or projects.”

3. Loss of Opportunity

While artists are facing hardship in common with many low paid workers this winter, they are also facing opportunity loss, increasing dependence on Universal Credit and exit from the profession. Organisations such as studios and workshops are trying not to pass on costs but this is an increasing challenge.

“Budget cuts are having a profound impact on how we engage as an organisation and how I engage personally, as a freelance artist. Exhibitions are currently being cut and I have lost hours at work. My freelance work has all but dried up.”

“The biggest challenge is creating future strategies. We know that the core running costs are rising for our operations but the funding landscape is precarious so it's difficult to plan for these changes. Rescaling our organisation will result in loss of jobs and opportunities for artists and once we make this shift it becomes difficult to then increase capacity again.”

“The biggest challenge is, in essence, staying open. We are trying not to pass on spiralling costs to our studio artists - but there's a limit where we cannot operate at a loss. We don't want to add another burden onto our studio artists, but also, we don't want to price ourselves out of the market where we're dealing with private owner landlords and large heavily subsidised national orgs. We've also had a further pinch in not receiving staff funding, and having to raise this through reserves - which puts the org in a very precarious position.”

4. What Help is Needed

Emergency Funding

“We need a one-off winter support payment and a minimum uplift in funding from April 2023.”

“We need Access to emergency funding, and for core funders to be understanding of the impact the Cost Crisis is having on organisations and the unpredictable impact this has on our budgeting”

Sustained support and Stability

“A sustained effort to support the soft outcomes that arise from ANY cultural experience. No more pilot programmes, just solid investment in culture throughout Scotland. Pressure on local government to support the policies laid down in the 2020 Culture Strategy for Scotland. Arts and culture have been proven globally, to improve mental health and to support tourism...local government need to step up”

“We need reliable and sustainable funding which keeps track of inflation, and has been strategically implemented across the sector. We need councils to open empty buildings, so we can use them - Scot gov could also tighten up Business rates regulations that don't reward owners for leaving buildings empty”

ENDS

Scottish Contemporary Art Network, October 2022