

Self Employment



Pricing Your Time & Work



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Pricing Your Time & Work

- 2 x different methods...

**Your
Day Rate**

**THE PRICE YOU'LL
CHARGE FOR
DELIVERING A SERVICE**

**PEOPLE
BUYING
YOUR TIME**

**Cost Plus
Pricing**

**THE PRICE YOU'LL
CHARGE CUSTOMERS
FOR A PRODUCT**

**PEOPLE
BUYING
YOUR STUFF**

Costing your time...



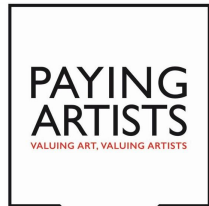
What is a
day rate?

The price you'll
charge for delivering
a service ...

- Use for quotes & invoices
- Rate of pay for your 'chargeable' days

Costing your time...

artists day
rates 2017



Experience level	Annual income excluding overheads	Day rates with overheads £5k per annum	Day rates with overheads £10K per annum	Day rates with overheads £15K per annum
New graduate	£24,482	£167	£195	£223
1 year	£25,898	£175	£203	£231
2 years	£28,014	£187	£215	£243
3 years	£29,893	£197	£225	£254
4 years	£31,444	£206	£234	£262
5 years	£32,728	£213	£241	£270
6 years	£34,145	£221	£249	£278
7 years	£35,563	£229	£257	£286
8 years	£36,981	£237	£265	£294
9 years	£38,396	£245	£273	£302
10 years*	£39,814	£253	£281	£310

This table is taken from a-n (2017) *Guidance on fees and day rates for visual artists 2017* [available online - check for updated versions]

Costing your time...

How do I
work out
my day
rate?

To calculate this,
you'll need to know...

- How much you want or need to earn in a year
- Understand how many 'chargeable days' you have available
- Predict your overheads

Costing your time...

How do I
work out
my day
rate?

www.itool.co.uk/fees

a·n

The artist's fees toolkit

Welcome

... to The artist's fees toolkit

Who this toolkit is for

Pricing

Using the toolkit

Deciding how much you want to earn

Conditions of use

Welcome

Calculating the day rate

Preparing a quote

User

Logout

Welcome

... to The artist's fees toolkit

The artist's fees toolkit takes you step-by-step through a process to calculate your individual daily rate and prepare quotes for freelance work.

You are guided through a series of forms, where you enter your personal income requirements, overheads particular to your practice and the realistic number of days you can work annually. You enter the figures and the toolkit does all the calculations. We recommend you use this toolkit regularly to ensure your rate of pay stays in line with your needs.

Written by financial expert **Richard Murphy** and published with Arts Council England support, The artist's fees toolkit is one of a series of resources from a-n: The Artists Information Company around good practice in valuing and paying artists.

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



Costing your time...

How do I
work out
my day
rate?

1. Expected annual income after all expenses but before tax (brought forward)		£ 18,000.00
<hr/>		
2. Additional employment related costs		
Employer's national insurance	% <input type="text" value="14"/>	£ 2,520
Employer's pension contribution	% <input type="text" value="5"/>	£ 900
		<hr/>
		£ 3,420
<hr/>		
3. Total equivalent direct employer related costs of expected annual income		£ 21,420

Click Calculate before going on to the next page.

Reset

Calculate

3. Total equivalent direct employer costs of expected annual income (brought forward)

£ 21,420

4. Calculating a labour-only day rate

Annual weekdays	<input type="text" value="3"/> x 52	156
Less: Bank holidays	<input type="text" value="8"/>	<input type="text" value="8"/>
Annual leave	<input type="text" value="28"/>	<input type="text" value="28"/>
Training	<input type="text" value="5"/>	<input type="text" value="5"/>
Research & development	<input type="text" value="10"/>	<input type="text" value="10"/>
Quoting & making presentations	<input type="text" value="10"/>	<input type="text" value="10"/>
Administration	<input type="text" value="6"/>	<input type="text" value="6"/>
Sickness & related absences	<input type="text" value="5"/>	<input type="text" value="5"/>
Other	<input type="text" value="0"/>	<input type="text" value="0"/>
Total non-working days		72
Available working days a year (156 - 72)		84
Labour-only day rate (£21,420.00 ÷ 84)		<input type="text" value="£ 255.00"/>

Chargeable days

Give yourself allowances for...

- Holiday, sickness & training
- Business admin time
- Preparation and R&D time

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

Insurances	£ 130.00
Premises	£ 600.00
Telephone & communication	£ 90.00
IT	£ 340.00
Research	£ 1,000.00
Professional & advisory services	£ 150.00
Promotional	£ 320.00
Equipment	£ 1,200.00
Finance	£ 0.00
Total annual overhead costs	£ 3,830.00

8. Day rate to cover annual overhead costs

Total overheads ÷ available working hours (£3,830.00 ÷ 84) £ 45.60

Overheads

Work out likely costs for...

- Running costs of your self-employed work
- inc. equipment & repairs

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Costing your time...

How do I
work out
my day
rate?

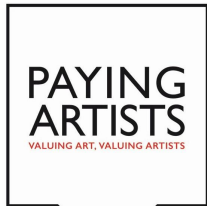
9. Calculating the total day rate

Labour-only day rate	£ 255.00
Daily disbursements	£ 0.00
Annual overheads expressed as daily cost	£ 45.60
Total day rate required to cover required earnings, direct and overhead costs	£ 300.60

- £300 = day rate to use for quotes & invoices
- add travel expenses, materials etc.

Costing your time...

artists day
rates 2017



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Costing your time...

How do I
work out
my day
rate?

Does it seem “ok”?

Look at your day rate...

- What's the 'going rate'?
- Ask others providing the service
- Can anyone afford it?
- Ask potential clients
- Are my target income & costs reasonable?

Costing your time...



How do I
work out
my day
rate?

Do you need
different rates for
different activities?

Look at your day rate...

- Video shoot vs Editing
- Workshop vs Project Administration
- Data Entry vs Strategic Planning

Costing your time...

How do I
work out
my day
rate?

Do I offer certain
clients a discount?

- Make sure they are aware of the full rate
- Negotiate with awareness of full rate & reasons for discount

Day Rate



How are
you going to
set this?

Quick recap

www.itool.co.uk/fees

Using your own
circumstances, calculate...

- Total annual **income** via self employment
- Total no. of available **days**
- **Income** ÷ **days** = **Labour Only Day Rate**

Labour-Only
Day Rate

Day Rate



How are
you going to
set this?

Quick recap

www.itool.co.uk/fees

Using your own
circumstances, calculate...

- Total annual **overheads**
for self employment
- **Overheads** ÷ **days** =
Daily Overheads

Daily
Overheads

Day Rate



How are
you going to
set this?

Quick recap

www.itool.co.uk/fees

Labour-Only
Day Rate



Daily
Overheads



Day Rate

Day Rate



How are
you going to
set this?

Quick recap

Giving a discount...

- You choose when & why you want to discount this
- Tell people when & why they are getting a discount

Costing your products...

**Cost Plus
Pricing**

**What is the
difference?**

The price you'll charge for a specific product ...

- Use to set prices when you offer your work for sale
- Understanding the margin on each item you sell

Costing your products...

How do I
work out
what to
charge?

Materials



Labour



Price

Costing your products...

How do I
work out
what to
charge?

Materials

+

Labour

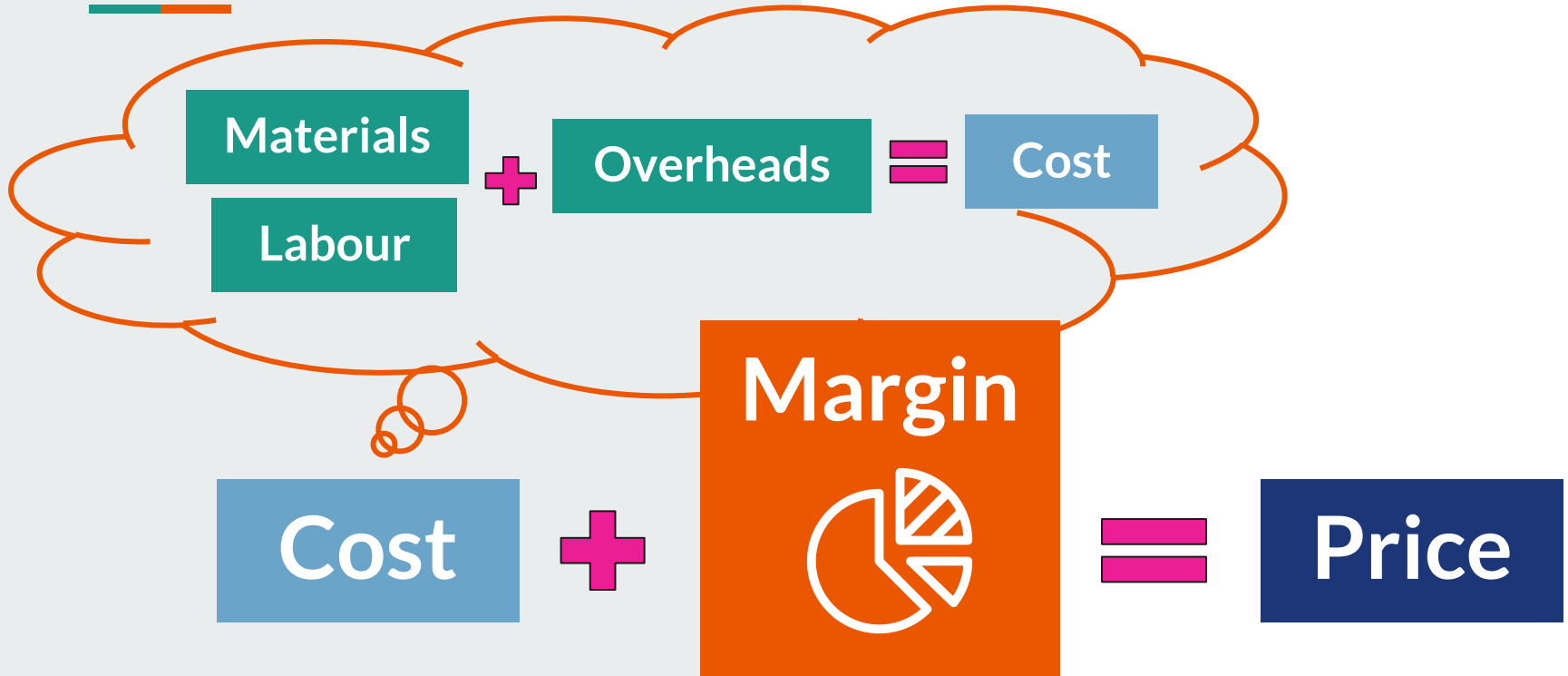
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Overheads

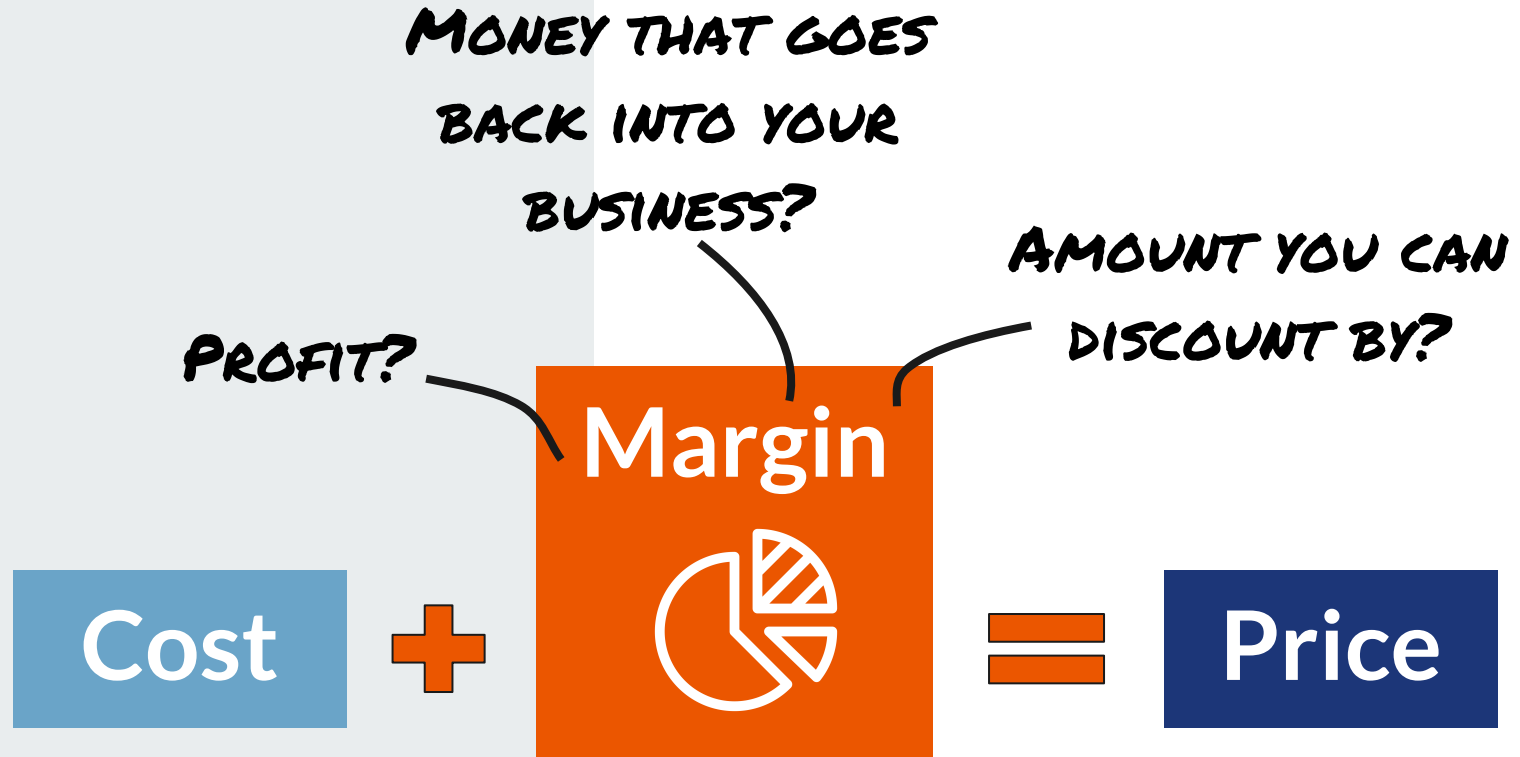
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Cost

Costing your products...



Costing your products...



Costing your products...


Example

Product	Price To Customer	Cost To Produce	Margin
Simple Product	£5	£3	£2
Basic Product	£29	£14	£15
Customised Version	£75	£55	£20
Special Hamper #1	£100	£65	£35
Special Hamper #2	£100	£85	£15
Deluxe Package	£1000	£600	£400



**PROFIT
OR
MONEY
THAT
GOES
BACK
INTO
YOUR
BUSINESS**

Costing your products...




How do I
work out
what to
charge?

Does it seem “ok”?

Look at your **price to customers...**

- What's the 'going rate'?
- **Research similar products**

Costing your products...




How do I
work out
what to
charge?

Does it seem “ok”?

Look at your **price to customers...**

- Can anyone afford it?
- **Ask potential customers**

Costing your products...




How do I
work out
what to
charge?

Does it seem “ok”?

Look at your **price to customers...**

- Are my costs (materials, labour, overheads) too high?
- **What value is added by each decision?**

Costing your products...



How do I
work out
what to
charge?

Does it seem “ok”?

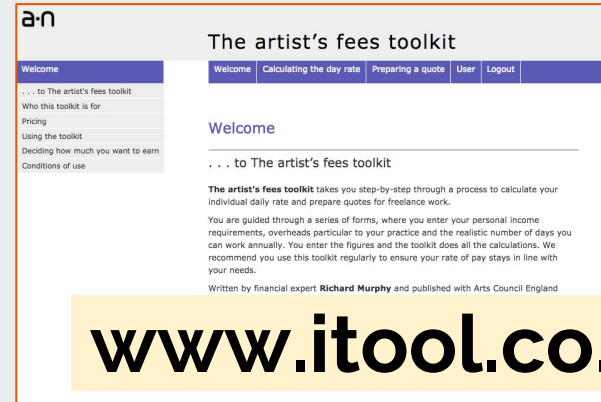
Look at your **margin**...

- How many of these do I need to sell in a year?
- Which things are worth focusing on? Why?

Pricing Your Time & Work - OK, now, it's your turn...

Try out these ideas...

→ Use the online a-n worksheet to apply these ideas to your own projects



The screenshot shows the 'a-n' logo in the top left corner. The main heading is 'The artist's fees toolkit'. Below this is a navigation bar with links: 'Welcome', 'Calculating the day rate', 'Preparing a quote', 'User', and 'Logout'. A sidebar on the left contains a menu with items: 'Welcome', '... to The artist's fees toolkit', 'Who this toolkit is for', 'Pricing', 'Using the toolkit', 'Deciding how much you want to earn', and 'Conditions of use'. The main content area has a 'Welcome' heading and a sub-heading '... to The artist's fees toolkit'. The text below explains that the toolkit guides users through a process to calculate their individual daily rate and prepare quotes for freelance work. It mentions that users are guided through a series of forms to enter personal income requirements, overheads, and the realistic number of days they can work annually. The toolkit performs all calculations, and users are recommended to use it regularly to ensure their rate of pay stays in line with their needs. At the bottom, it is noted that the toolkit was written by financial expert Richard Murphy and published with Arts Council England.

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