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Camera trainee Lauren Byrne on set © ScreenSkills, photo by Erroll Jones

Annual ScreenSkills Assessment
Executive summary

Acknowledgement

Foreword

We are in a time of great opportunity and major challenge in our screen industries. The fast pace of growth, disruption to traditional business models and technological innovation create new pressures that have to be addressed if we are to uphold and build on our global reputation.

Our businesses are more than twice as likely to sell their products into the EU as those in the wider UK economy and some of our screen sectors rely on the broader talent pool that the EU offers. The uncertainty of future trading terms with Europe, a key market, exacerbated by the associated impact on recruitment, is adding pressure. Yet we continue to make a significant contribution to the UK economy and deserve recognition not just for our world-class creative output, but also for the talented workforce that delivers it.

Now more than ever, we need accurate research and measures to make sure UK screen (film, high-end TV, unscripted TV, animation, VFX and games) is properly represented and acknowledged in public debate. Much of what you will read in this assessment may affirm what you already know. But by bringing together major studies – on screen industries and the wider economy - for the first time, it puts a spotlight on critical gaps in data. Our workforce and businesses cannot be fully understood from the official sources currently available, based as they are on classifications that do not accurately represent a sector that is rapidly changing or do not do so in the detail we need. More needs to be known, for instance, on the freelance segment of our workforce – the skills they bring, what they earn, how diverse they are. This has implications, among other things, for Government understanding and policy on key issues such as the apprenticeship levy.

From my own experience of breaking through the ranks in programme-making and broadcasting, I recognise some of the long-standing challenges underlying those created by the current landscape. We need to tackle them to develop a truly representative and robust workforce.

This report serves as a timely reminder that we especially need to look after our freelancers who are less likely than staff to be offered training. They are one of our biggest assets and we need them in good shape. Investing in developing, upskilling and retaining freelancers as well as those on the payroll is critical in helping us stay relevant and competitive.

And while we still have quite a long way to go, I am heartened to see that this study indicates that good practice is having positive results in recruiting a more diverse workforce.

Thanks to all of you who contributed valuable time and insights to this study. We could not do our work without you.

Seetha Kumar
CEO, ScreenSkills

Executive summary of Annual ScreenSkills Assessment

The Annual ScreenSkills Assessment is one of the three research strands of Skills Forecasting Service 2018-19 (SFS). This strand collates data from wide-ranging sources to provide an in-depth analysis of labour market and skills issues affecting the screen industries. Viewed against the backdrop of the wider UK economy, it considers factors such as: overall employment levels, demographics of the workforce, skills mismatch and workforce development. Significantly, it also highlights variation and inconsistencies between data sources, helping to lay the ground for more meaningful capture and interrogation of relevant data for the screen industries in future research.

Aim of the Annual ScreenSkills Assessment

Establishing an accurate, coherent picture of a labour market is an essential part of tackling any skills issues in that industry. It can help to identify potential causes and whether they may be inherent, incidental or extrinsic to an industry's characteristics. The Annual ScreenSkills Assessment aims to move us closer to building such a picture for the UK screen industries' labour market by drawing together existing and new research under a single study – something which has not hitherto been done.

A bank of useful research exists that gives insights into specific screen industry sectors or features, including workforce-related issues, which we attempt to bring together. To build a cohesive picture, this research needs to be reviewed for common trends and potential anomalies. However, varying methodological approaches and definitions across studies mean that this is often not a 'like for like' comparison.

To begin to resolve this challenge, the Annual ScreenSkills Assessment 2019 employs a mixed research methodology to underpin findings, consisting of:

- **Desk research**: review of existing literature relating to labour market and skills issues in UK screen industries;
- **Secondary research**: analysis of national data sources (e.g. Labour Force Survey and Employer Skills Survey), providing information on individuals and businesses;
- **Primary research**: a specifically-commissioned survey of employers in the UK screen industries.

This approach also seeks to highlight where current research methods may be missing important data that affect how the screen industries are perceived, reported and listened to.

Defining screen industries

ScreenSkills identifies seven distinct yet interrelated sectors as collectively making up the screen industries: animation, children's TV, film, games, high-end TV, unscripted TV and VFX. This is coherent with the definition used by UK Government and BFI, through the tax reliefs offered to some sectors, and is generally how the industry perceives itself.

However, the Standard Industrial Classification system (SIC), adopted by the Office for National Statistics (ONS), takes a value chain approach to classifying these sectors, giving a different but complementary definition of the screen industries. Fast-changing technologies, practices and markets within the screen industries mean that the SIC system does not accurately represent or account for some screen industry sectors as they are evolving, such as the way animation and VFX cross boundaries with film and TV production.

National data (eg Labour Force Survey and Employer Skills Survey) is an essential component in building the bigger picture of the screen industries labour market, particularly when making comparisons with the wider UK economy, so it must be taken into account. Therefore, for the purposes of the Annual ScreenSkills Assessment, we map the sectors of animation, children's TV, film, games, high-end TV, unscripted TV and VFX that fall within the SIC system against the relevant SIC codes, listed below

Figure 1: SIC codes

SIC code	SIC title
59.11	Film and TV production
59.12	Film and TV post-production
59.13	Film and TV programme distribution
59.14	Film exhibition
60.20	TV programming and broadcasting
58.21	Publishing of games
62.01/1	Development of games

Source: UK Standard Industrial Classification of Economic Activities (2007) – Office for National Statistics.

Key findings

As the findings draw on data from combined sources, many will come as no surprise to those operating in the screen industries. This is, nonetheless, useful in highlighting persistent and ongoing known issues and confirming the value of current investment to tackle them. However, as this bigger picture begins to build, the expectation is it will reveal trends that are worthy of tracking for further valuable insights and shows critical gaps in data to resolve.

State of the screen industry in the UK

To provide context, the evidence shows a thriving industry containing a high proportion of micro-businesses. Businesses in the screen industries have a more international focus than the average across the UK economy and - particularly pertinent at the time of publication[1] of this Annual ScreenSkills Assessment - are more than twice as likely to sell their products into the EU. Geographically, activity remains most concentrated in London, with Scotland and Wales also in the top four nations or regions. The South East has the largest concentration of the English regions outside of London. Statistically, this breaks down as:

- ONS figures indicate a little over 24,000 businesses operating within the screen industries, the majority (70%) having fewer than five employees (compared to 54% of businesses in the wider economy)
- Total turnover for the screen industries is £37.5 billion
  - A small number of businesses (5%) that together make up TV programming and broadcasting[2] (SIC 60.20) account for the largest turnover of £13.4 billion, some 36% of the total
  - Film and TV production (SIC 59.11) accounts for 70% of the total businesses, generating 33% of turnover

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[1] At the time of publication, the UK is continuing Brexit negotiations, therefore the UK's future trading terms with EU countries are unknown.

[2] This class includes the activities of creating a complete TV channel programme, from purchasing or commissioning works to self-producing components (e.g. local news, live reports) or a combination thereof, for broadcast by the producing unit or produced for transmission by a third-party distributor, such as cable companies or satellite television providers.

- Nearly a quarter (24%) of screen industry businesses sell products/services internationally primarily within the EU, compared to just under a tenth (9%) of businesses across the UK economy. A further 15% of businesses in the screen industries sell products/services internationally primarily outside of the EU, almost four times the average across the UK economy (4%)
- The location quotient analysis[3] shows that employment in the UK's screen industries is heavily concentrated in London (LQ=3.03), followed by Scotland (LQ=0.94), the South East (LQ=0.78) and Wales (0.73); the lowest concentrations are in the North East (0.39) and West Midlands (0.36)

Workforce and employment in the screen industries

The total number of people working in the UK screen industries is estimated through national statistics to be 211,000. This includes payroll and self-employed (eg freelance workers[4]). This figure is calculated using ONS data supplemented with data from the Department for Digital, Culture, Media and Sport (DCMS). As the breadth of the games sector is not easily identified within the SIC system, this may be an under-estimate.

National statistics estimate self-employment is almost twice as high in the screen industries as it is in the wider UK economy, at 28% of the total screen workforce. ScreenSkills' Employer Survey 2018 confirms that freelancing is widespread, with a large majority of businesses in all screen industry sectors – the sole exception being film exhibition – working with freelancers. Industry views as largely freelance so might be surprised by the figure of 28%. However, this may be a matter of perception due to the widespread practice of engaging freelancers and the higher proportionate use of them in some sectors, such as production where the proportion of freelancers is 50%. Further research is needed to shed light on this.

Beyond needing to quantify the number of freelancers, ScreenSkills is also seeking to better understand wider characteristics and trends within the screen industries' freelance workforce and how they are utilised. This Annual ScreenSkills Assessment takes a first step to capturing experience levels of freelancers using a newly introduced grading structure[5] (entrant, early career, experienced and expert) which offers the potential to track roles and progression in future across freelance, as well as payroll, workers.

Research suggests that those working in the screen industries earn more per week on average (again with the exception of film exhibition) than workers across the UK economy. However, the data for earnings only accounts for payroll employees, leaving the overall picture incomplete.

- Using the SIC definitions the 211,000-strong screen industries workforce breaks down across sectors as:
  - Film and TV production accounts for the largest segment of the workforce (41%)
  - TV programming and broadcasting is the second largest segment (25%)
  - The remainder split as: development and publishing of games combined (14%); film and TV post-production (8%); film exhibition (8%); film and TV programme distribution (4%)
- Of the total screen industries workforce, approximately 28% are estimated to be self-employed

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[3] The location quotient analysis is further explained in the report

[4] In the national data used, the freelance workforce is contained within, but not the only component of, the category of 'self-employed'.

[5] ScreenSkills new grading system is detailed in the appendix

- o Film and TV production has the largest proportion of freelancers (50%), followed by film and TV post-production (39%)
  - o The remainder break down as: TV programming and broadcasting (12%); film and TV programme distribution (8%); film exhibition (0%)
- 86% of respondents to the ScreenSkills Employer Survey work with freelancers
  - o almost 80% of these use freelancers frequently or very frequently
  - o most commonly freelancers fulfil short-term project-based needs
- By sector, the proportion of ScreenSkills Employer Survey respondents working with freelancers is:
  - o Animation (100%), unscripted TV (98%), film production (97%), high-end TV (96%); children's TV (96%), VFX (83%), film distribution (75%), games (71%), and film exhibition (47%)
- Respondents are more likely to use freelancers in experienced or expert grades than those in their early career or recent entrants
- For workers on payroll, the average median weekly pay in most screen industry sectors is higher than in the wider UK economy, with the sole exception of film exhibition
  - o Median weekly earnings in film and TV programme distribution are highest (£947.20), followed by TV programming and broadcasting (£756.70)
  - o Film exhibition is predictably lowest (£179.20) due to the breadth and nature of roles, particularly within cinemas
  - o For comparison, the UK national median weekly pay is £448.60
- Equivalent earnings data for self-employed workers in the UK screen industries is not available.

Diversity and workforce composition

The UK screen industries continue to face significant inclusion and diversity issues. Extensive desk research shows a strong relationship between workplace diversity and benefits to businesses and workers (such as improved performance, competitiveness, innovation,wellbeing and job satisfaction). With ONS statistics indicating that screen industries fall below the national average in the wider UK economy in terms of demographic composition - overall the screen industries workforce is more male, more white, younger and better off, with fewer people with disabilities - we are missing opportunities.

Comparatively more workers from overseas are employed across the screen industries than in the wider UK economy, although there are slightly fewer from the EU27 countries. This hides significant exceptions such as VFX, which is reported in UK Screen Alliance's 2019 research paper as employing one in three workers from the EU.

Gender, ethnicity and disability within the screen industries workforce are being monitored to some extent but variables such as caring responsibilities, geographic location, sexual orientation, socio-economic background and religion remain largely unanalysed. The main TV broadcasters are leading the way in monitoring their workforce in more detail (Ofcom, 2018b), but not enough is being done to map wider workforce characteristics across other sectors of the industry, especially among non-permanent staff. Smaller businesses, in particular, need support in this area.

Half of respondents to the ScreenSkills Employer Survey (excluding sole traders) feel that their workforce is not representative of the UK population, while almost two thirds cite lack of applications from under-represented groups as a key barrier to improving diversity in their workforce. This highlights room for improvement in reaching and helping to change the perceptions of potential applicants from those groups and send the message that the door is open.

Businesses responding to the ScreenSkills Employer Survey who feel that their workforce is reflective of the UK population were asked what actions they take to tackle diversity. Encouragingly, the most common three responses fall in line with contemporary views on best practice in the workplace: flexible working, fairer recruitment practices and transparency. Such practices could make a significant contribution to improving diversity and inclusivity if adopted across the screen industries.

The survey also asked employers how optimistic they feel with regard to their organisation's workforce diversity improving in the next 12 months. Unscripted TV, film and high-end TV are the most optimistic sectors, with around three quarters feeling that their diversity will improve over this period. When split regionally, Yorkshire and Humber employers are most optimistic (perhaps reflecting recent and upcoming investments, such as the Channel 4 relocation), followed by Northern Ireland. Lowest levels of optimism for improved diversity are reported in animation sector-wise and in Wales, geographically.

- The analysis of ONS data suggests that the screen industry sectors combined have:
  - a higher proportion of male workers (62%) than the UK economy (53%)
  - a lower proportion of workers aged 50+ (20%) compared to the UK economy (31%)
  - a higher proportion of workers aged below 40 (57%) compared to the UK economy (46%)
  - a higher proportion of workers with a white ethnic background (90%) than the UK economy (88%)
  - fewer people with disabilities (10%) than the UK economy (14%)
  - comparatively more workers from overseas (6%) compared to the overall UK economy (4%), though slightly fewer workers from the EU27 (6%) than the UK economy (7%)
- Half of respondents to the ScreenSkills employer survey think their workforce is not reflective of UK diversity
- The most commonly cited barriers to recruiting a more diverse workforce are: lack of applications from underrepresented groups (65%); broader reach needed to advertise jobs (39%); recruitment practice is informal, eg word of mouth (36%)
- 38% of respondents overall think that their workforce is reflective of UK diversity, with the most common actions taken among those to maintain a diverse workforce reported as:
  - Flexible working arrangements
  - Recruitment practices that ensure equal opportunities to diverse candidates
  - Transparency across the organisation
- Respondents from East of England, Northern Ireland, the South East and London were most likely to think that their workforce is representative of the UK population
- 42% of responding businesses do not have a formal monitoring system in place
- 61% of responding businesses think that diversity will improve in the next three years.

Extent of skills mismatch

Skills mismatches - the gaps between the availability of people with the skills needed and the demands of the job market - can have an impact on business performance. We need to know where skills mismatches occur so that we can plan to resolve them. To examine the extent of skills mismatch within the UK screen industries, the Annual ScreenSkills Assessment considers two related components:

- Skills shortages (or Skills Shortage Vacancies, SSVs) – whether employers can find the skills, qualifications and experience they need when recruiting; this signifies external skills mismatch

- Skills gaps – the extent to which employers think that the skills of their existing workforce are suitable; this signifies internal skills mismatch

Skills shortages and gaps have been commonly reported for the UK screen industries in recent years. More than a third of respondents to the ScreenSkills Employer Survey that have recruited over the past 12 months report related difficulties in recruiting that resulted in a moderate to very serious problem for almost all of them. While responding employers from across the screen industries report some recruitment difficulties and gaps, variation between sectors highlights particular recruitment difficulties for VFX, games and animation. Although skills issues appear to be widespread across the country, some of the areas with the highest concentration of industry are also the areas where employers think that recruitment difficulties and gaps are most noticeable - Scotland, London, and South East. Other areas that present skills gaps are Northern Ireland and the North West. Most respondents believe competition within the sector to be the main cause. The implications of recruitment difficulties most commonly cited are: increased workload for other staff; difficulties meeting customer service objectives; difficulties meeting quality standards; and delays in developing new products and services. Nearly half of businesses with recruitment difficulties have tried to recruit from overseas as a way to address the issue. The top three skills gaps that employers identified are management skills (44%), leadership skills (44%) and project management skills (40%)

Recruiting at a lower level is reported as the most common response to the issue, alongside increasing levels of training. However, as reported in ScreenSkills 2019 paper, 'High-end television workforce in 2018', this pragmatic approach can create subsequent gaps further down the chain and bring associated problems: lack of crew confidence and knowledge and extra costs in time and money. More than a third of screen industries employers responding state that their existing staff lack the skills needed to do their jobs.

Job roles affected by shortages are varied, ranging across production, craft and technical grades across all seven screen industry sectors. Accountants, line producers, 1st assistant directors, series producers, storyboard artists, animators and general coders rank among the most commonly reported shortages.

- 33% of respondents to the ScreenSkills Employer Survey report suffering from recruitment difficulties over the last 12 months, though such difficulties are not evenly distributed across sectors:
    - Employers reporting most difficulty recruiting operate in VFX (58%), games (50%) and animation (48%)
    - Fewest difficulties are reported by employers in film distribution (8%)
    - Although recruitment difficulties were reported across the country, employers thought that skills shortages were most noticeable in Scotland (21%), London (16%) and the South East (11%). These areas also present the highest concentration of industry.
    - 46% of employers with recruitment difficulties tried to address them by recruiting from overseas (compared to the UK economy average of 38%)
- Of employers facing recruitment difficulties, the main cause cited is competition from within the sector (59%)
- Of the employers tackling recruitment difficulties, the most common action to try to resolve the issue was to recruit at a lower skill level than they had intended (58%)
- 35% of responding employers think they have skills gaps within their current workforce (including freelancers)
    - Animation employers report the highest level of skills gaps (48%), followed by VFX (42%)

- o Children's TV (23%), film distribution (25%) and exhibition (26%) report the lowest levels of skills gaps
- o Although skills gaps are reported across the country, Scotland is identified as the area where skills gaps are most noticeable (16%), followed by Northern Ireland (10%), North West (10%) and London (9%).
- o The top three skills gaps that employers identified are management skills (44%), leadership skills (44%) and project management skills (40%)
- The most common reasons cited for skills gaps are: recruits are new to the role (65%); the employee's training is only partially complete (60%)
- Respondents mostly believe that the following could help tackle skills gaps:
  - o Expansion of traineeships, internships or work placement programmes (63%), mentoring/buddying schemes (57%), increase in training spend for freelancers (53%)
- Of those who think their workforce is representative of UK diversity, 34% report skills gaps in their workforce
- Of those who think their workforce is not representative of UK diversity, 43% report skills gaps in their workforce.

Workforce training and development

Desk research confirms a correlation between workforce training and the improvement of organisational retention, productivity and profitability, and a positive effect on job satisfaction for employees receiving training. Examining the approach of screen industry businesses to workforce training and development reveals where greater focus, action and support are needed.

More than half of businesses responding to the ScreenSkills Employer Survey have arranged or funded training for staff over the past 12 months. The large majority of those invested in training for payroll staff. Only a third of respondents invested in training for freelancers (with employers in high-end TV, unscripted TV and VFX being most likely to). Insufficient training of freelancers could be problematic in sectors with high proportion of freelancers in the workforce.

Overall employers were more likely to arrange or fund training for early career and experienced workers than for entrant and expert workers, or apprentices. Larger organisations appear more likely to invest in training than smaller organisations – most likely a reflection of their ability to resource dedicated HR functions.

While lack of financial resource is given as the most common factor in preventing employers from arranging or funding training for the workforce, almost a quarter of employers cite the use of freelancers as the main reason for not investing. Lack of suitable training provision is only cited by less than one sixth of respondents, though a tenth feel that lack of local provision is a barrier.

Respondents who had invested in workforce training in the past 12 months report a similar pattern in the types of training used as businesses in the wider UK economy, with most opting for a combination of off- and on-the-job training.

More than two thirds of respondents think that they provide enough training to deal with current skills needs, though there appears to be less confidence about the future, with just over half thinking that they offer enough training to manage future skills needs. Training courses for those already in the workforce, along with on-the-job training such as mentoring or job-shadowing, are cited as the most preferred types of training to meet future needs.

- 60% of respondents to the ScreenSkills Employer Survey invested in training for their workforce in the past 12 months
  - o Employers in film exhibition (74%), children's TV (73%) and unscripted TV (72%) most commonly invested

- o Employers in animation (48%) and film production (44%) were least likely to have invested
- Types of training invested in are similar to those reported in the wider economy:
  - o 32% off-the-job and on-the-job training (UK economy 35%)
  - o 17% on-the-job training only (UK economy 18%)
  - o 12% off-the-job training only (UK economy 13%)
- Factors most commonly preventing investment in training are cited as:
  - o Little/no money available for training (32%)
  - o Work mainly with freelancers for whom they do not provide training (24%)
  - o Opinion that workforce is already skilled enough (21%) and not enough time to take part in training (21%)
- 68% of responding employers think they provide enough training to deal with current skills needs, whereas 55% think they provide enough training to manage future skills needs
- Preferred types of training to meet respondents' future skills needs:
  - o Training courses for those already in the workforce[6] (78%)
  - o On-the-job training, e.g. mentoring, job shadowing (74%)
  - o Technical/vocational training for those new to the workforce (53%).

Conclusions and strategic priorities

As anticipated, this extensive review of data – recent and new, national and sector-specific – affirms many known characteristics and challenges that shape the current UK screen industries workforce. These include:

- Growth and a fast-evolving market have increased pressure on the existing workforce, leading to competition for staff and freelancers within sectors and feeding recruitment difficulties
- A high volume of micro-businesses and widespread use of freelancers bring flexibility yet can perpetuate issues such as limited workforce diversity monitoring and lower investment in training
- Stepping-up workers too quickly in order to meet increased demand is a short-term fix and could be passing skills-related issues along the chain, potentially exacerbating skills shortages and gaps
- Difficulty attracting recruits from under-represented groups and retaining older workers
- Inconsistent data capture across sources leaves gaps – and some anomalies - in the overall picture and may be misrepresenting the sectors that make up the screen industries.

Areas of further research:

The Annual ScreenSkills Assessment highlights several areas that require further research, including:

1. **Freelance work in each of the subsectors of the industry:** further research is needed to better understand the working patterns and earnings of freelancers, as well as any challenges they might face. While research of this kind is already undertaken in, for instance, broadcast TV, future research on freelance work should be undertaken for each of the subsectors of the industry.
2. **Diversity statistics in each of the subsectors of the industry:** further research is needed to provide a better understanding of diversity levels and challenges in each of the subsectors

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[6] Otherwise known as continuing professional development or 'CPD'

of the industry, and, in particular, of currently underrepresented characteristics such as religion, caring duties, socio-economic background and sexual orientation. This would in turn aid the development of sustainable and subsector-specific solutions to diversity issues in the industry. Research of this kind would greatly benefit from the expansion of more inclusive and consistent diversity monitoring systems across the sector at large[1].

3. **Hiring versus retention of older workers in the workforce:** further research is needed to better understand whether workers over the age of 50, who are under-represented in the workforce compared with the UK workforce as a whole, are choosing to leave the industry at a certain stage of their career or are failing to be employed. Furthermore, further research is needed to determine what the implications of this are in terms of any loss of skills.

4. **Relationships between diversity levels, skills gaps and skills shortages:** further research is needed to determine whether diversifying the workforce would address skills challenges, and also to better understand whether and how the pressures created by the production boom are making it harder to address diversity and inclusivity. Further research is also needed to determine how these relationships manifest themselves in each of the subsectors of the industry. Insights of this kind would greatly aid the development of more subsector-specific solutions to both diversity and skills challenges.

5. **New occupations and migration of labour between the subsectors:** further research is needed to identify new and/or fast-evolving occupations in the sector, as well as the migration of labour between certain subsectors of the industry. Information of this kind could help us anticipate new skills gaps and shortages and guide investment in training and professional development.

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[1] For a more in-depth discussion of this, see our forthcoming ScreenSkills Forecasting Analysis.