

From Recession to Recovery

**An overview of the impact on the UK's
Creative Media Industries and the path
to recovery.**

September 2009

Part One Executive Summary

Overall Effect of the Recession

- 84% of companies say their business has been affected by the recession in the past twelve months.
- The most common effects reported are fewer commissions received and budget reductions, both experienced by more than six out of ten companies. More than a quarter of companies report non-payment for completed work, cancelled contracts, or lower overall levels of production.
- Companies have responded to the recession with a number of measures. More than four out of ten report lowering rates of pay for existing staff, and over a third redeploying existing staff, imposing a recruitment freeze or reducing their training budget. A quarter have issued shorter contracts for freelancers and a fifth increased their use of freelancers.

Effects on Recruitment and Employment

- Nearly one third of companies had made or expected to make some staff redundant as a result of the recession.
- Just over one third of companies have not renewed some freelance contracts as a result of the recession.
- Approaching half of companies (43%) said that they found it difficult to recruit people with the skills they needed; programming, production and writing are the three most common skill areas reported.

Effects of the Recession on Skills

- A quarter of companies report skills gaps as a result of the recession, with production, technology, business management and sales and marketing the main areas reported.
- One third of companies anticipate skills gaps in the next twelve months as a result of the recession, with the same skill areas predicted as currently experienced. These are also the skill areas considered to be important for companies to survive the recession.

Effects of the Recession on Training

- Two fifths of companies have reduced their training budgets as a result of the recession, and a quarter have increased them.
- Conversely, more companies report an increase in requests for training (22%) than a decrease (13%).
- Over half of companies say their ability to deliver training has been affected by the recession.

Future Impact of the Recession

- Over half of companies expect the recession to have a long term effect on labour supply for their business, and over three quarters expect it to affect the labour supply to the wider industry throughout the UK.
- Just under a third of companies expect the recession to endure between six months and a year, and slightly fewer between one and two years. 8% expect it to end within six months and 19% beyond two years.

Part Two Introduction

Aims and Objectives

The aim of this survey is to obtain a picture of the impact of the recession of 2009 on the creative media sector, and in particular its implications for the use of skills in the industry. The creative media industry currently breaks down into ten main sectors as follows:

- Animation
- Computer Games
- Facilities (which includes post production, studio and equipment hire, special physical effects, outside broadcast, processing laboratories, transmission, manufacture of AV equipment and other services for film and TV)
- Film
- Interactive Media
- Other Content Creation (pop promos, corporate and commercials production)
- Photo Imaging
- Publishing (books, journals, magazines, newspapers, directories and databases, news agencies, and electronic information services)
- Radio
- Television

In particular, the aim is to gather as much information as possible on the overall effects of the recession so far, its impact on recruitment and employment, and on skills and training, and any wider impacts it may have had or may potentially have in the future. This will enable Skillset to respond by supporting the industry through the recession in the most effective ways possible.

Background

For over a decade now, Skillset has operated a regular cycle of labour market research including a two yearly employment census and a full range of workforce and employer surveys and consultations. Until now, that has served effectively to meet the needs of the industry and government and has fully informed Skillset's strategic planning and policy making processes. However, it is widely acknowledged that the recession has presented most sectors of the economy with sudden, unanticipated and in many cases unprecedented challenges. In order to be able to support the industry as quickly and effectively as possible, Skillset therefore conducted this ad hoc survey to obtain an immediate insight into the effects of the recession and the challenges it has presented for companies in their need for and use of skills.

Scope, Methodology and Sampling

The research comprised two separate strands: a survey of employers and a survey of trade associations. Both surveys targeted all of the sectors within Skillset's footprint as listed above. The fieldwork was conducted during summer 2009 (May – August), by way of an online survey which respondents were invited to complete by email or via Skillset's website. In the interests of expediency, employers with whom Skillset had had previous contact and

thus were potentially involved in the skills agenda were primarily targeted, which should be taken into consideration when scrutinising the results. The survey was supplemented by a shorter, largely open ended survey of trade associations covering similar issues.

Response and Coverage

Overall, the survey achieved a response from 262 companies. It is not possible to estimate the number of companies targeted or a final response rate due to the methods used to distribute the survey. The highest responses were in television, interactive media, facilities, film and publishing, broadly reflecting the concentrations of employment in the industry.

Table 1 Response by Sector

Sector	%
Television	40
Radio	11
Animation	17
Interactive Media	33
Computer Games	17
Other Content Creation	19
Facilities	32
Film	25
Archives and Libraries	7
Publishing	19
Photo Imaging	9
Other	4
Unknown	29
Total	262

Analysis and Presentation

As noted above, the response by sector broadly reflects the respective levels of employment across the industry. Taking that into consideration, and given the relatively low numbers involved, no measures have been taken to weight any of the data to adjust for variations in levels of response and representativeness across sectors. Given the relatively small scale of the survey and the low overall response numbers, all data presented in the report should be treated as broadly indicative of the view of the industry at the time of the survey rather than statistically conclusive. This is especially the case when data are broken down to compare by sector, size or geography. Where the report analyses data to compare segments of the industry, a number of principles have been applied in order to base analysis on sufficient response numbers:

When overall response numbers to a question permit data to be analysed to compare sectors, the following groupings have been used:

- Television and radio

- Animation, Interactive Media and Computer Games
- Film and Other Content Creation (including commercials, corporate production and pop promos)
- Facilities
- Photo imaging, Publishing, Libraries & Archives

Although this approach is less than ideal in many respects, it provides the only basis on which data may be compared at sector level with any degree of robustness or reliability.

When data are analysed to compare areas within the UK geographically, they have been grouped into two areas, for the same reasons as above:

- England
- Wales, Scotland and Northern Ireland

Finally, some analysis is shown by company size. This is based on comparison of companies employing:

- Workforce of fewer than 50 (including employees and freelancers)
- Workforce of 50 or more (including employees and freelancers)

All tables in the report display the base number of respondents on which the data they contain is based. This fluctuates considerably throughout the report as not all questions were relevant to all respondents, a substantial amount of filtering was used in the questionnaire, and some respondents chose not to answer every question on the survey.

In some tables, where total percentages are reported, they may add to slightly more or less than 100% due to rounding.

Where appropriate, qualitative evidence from the supplementary trade association survey has been included in the report to substantiate the discussion.

To supplement and contextualise the survey results, a brief qualitative analysis of overall recent trends and developments and in some key sectors has been carried out and is presented in the appendix.

Acknowledgements

Skillset would like to thank all participating companies and trade associations for taking part in the survey. The data were prepared by Qualasys Ltd, and the report authored by Neil Flintham.

Part Three Overall Effect of the Recession

The survey began by asking companies whether their business had been affected in the past twelve months by the recession. **Table 2** shows that overall, 84% of companies said that it had. The proportion affected is high across the board. Although slightly fewer than average larger companies report being affected, the response of those companies to this question should be treated with caution because of low response numbers.

Table 2 Proportion of Companies Affected by the Recession

	%	Base (n)
Sector		
Television and Radio	85	26
Animation, Interactive Media and Computer Games	78	37
Film and Other Content Creation	84	32
Facilities	90	19
Photo imaging, Publishing, Libraries & Archives	100	7
Nation		
England	84	96
Wales, Scotland and Northern Ireland	85	27
Company Size		
Workforce of fewer than 50	86	110
Workforce of 50 or more	67	12
Total	84	124

A number of respondents to the trade association survey were keen to emphasise that the culture of the creative industries was likely to result in a different overall effect to other sectors of the UK economy, and in particular that a combination of many people's motives for entering and remaining in the industry and the prevailing employment model would militate against large scale insolvencies or businesses voluntarily 'given up':

'Just a very few high profile companies have gone out of business. The vast majority are freelancers or microbusinesses driven by passion, so they will want to weather the bad times.'

'Most small businesses are driven by passion so are possibly less likely to give up.'

Companies who said they had been affected were then asked in which of a number of ways this had happened. **Table 3** reports the proportion indicating each effect. The most common effect reported is fewer contracts or commissions received, cited by just over two thirds of companies (68%). Just over two fifths of companies (61%) reported experiencing budget reductions. Over a quarter of affected companies reported non payment for work already completed, and a similar proportion both cancelled contracts and lower overall levels of production.

Response numbers do not always permit reliable comparisons to be made between types of company, but a couple of general trends emerge. First, employers in television and radio are more likely than those in other sectors to cite almost every type of issue. Second, companies in animation, interactive media and computer games are less likely than those in other sectors to report each type of issue, except fewer contracts or commissions being received, which over three quarters (77%) reported.

Table 3 Proportion of Companies Reporting Each Effect of the Recession

	Fewer contracts or commissions received	Budget reductions	Non payment for completed work	Cancelled contracts	Lower overall production levels	Fewer commissions or contracts issued by you	Other	Base
	%	%	%	%	%	%	%	<i>n</i>
Sector								
Television and Radio	70	78	30	26	39	4	26	23
Animation, Interactive Media and Computer Games	77	45	26	23	16	7	32	31
Facilities	78	67	22	39	28	6	6	18
Film and Other Content Creation	61	61	29	18	29	18	21	28
Photo imaging, Publishing, Libraries & Archives	29	43	29	29	14	14	57	7
Nation								
England	70	57	24	24	30	10	24	84
Wales, Scotland and Northern Ireland	64	72	32	28	16	8	32	25
Company Size								
Workforce of fewer than 50	68	57	29	25	26	10	25	100
Workforce of 50 or more	75	100	13	38	25	0	25	8
Total	68	61	28	27	26	10	25	109

Companies were asked which of a range of measures they had taken in response to the economic climate. As shown in **Table 4**, the most common was lowering rates of pay which 42% of companies said they had done. Over one third said they had redeployed existing staff, imposed a recruitment freeze or reduced their training budget. One in five companies said they had increased their use of freelancers, but nearly one in four that they had shortened the length of freelance contracts. The complexity of this phenomenon is reflected in the comment by one trade association respondent that: 'Some I know have been reducing

reliance on freelancers, but others have been doing the opposite...' Two other comments from trade association respondents point to another measure, not covered on the survey:

'They are looking at the possibility of the increased use of volunteers in roles that would have been taken by paid staff.'

'Some are seeking people working for free for a period...'

Many of these areas are explored in more detail later in the survey, but it is important to note at this point that the combination of effects emerging poses some potential challenges for the industry.

Even before the recession, recent years had already witnessed a growth in freelancing relative to permanent employment. In television for example, this is partly attributable to a gradual shift away from employment in the broadcast sector to the independent sector. Skillset's Creative Media Workforce Survey 2008 indicates the primary motive for going freelance to be either fear of losing job or actual loss of job. It therefore seems very likely in the current economic climate that levels of freelancing are set to increase even more, which is borne out by the significant proportion of companies in the current survey saying that they are using more freelancers as a result of the recession. This presents a potential problem given that it has been established through several Skillset workforce surveys that levels of training and skills development for freelancers are far lower than those for employees, while employers' demand for high levels skills seems likely to increase. This problem will be exacerbated by the other trend reported here for training budgets to be taking a hit.

Table 4 Proportion of Companies Taking Measures in Response to the Recession

	Lower rates of pay	Redeployment of existing staff	Recruitment freeze or suspension	Reduced training budget	Shorter contracts for freelancers	Increased use of freelancers	Retraining of existing staff	Increased use of consultants	Base
	%	%	%	%	%	%	%	%	<i>n</i>
Sector									
Television and Radio	43	30	43	35	57	26	17	9	23
Animation, Interactive Media and Computer Games Facilities	39	28	33	50	11	11	0	6	18
Film and Other Content Creation	58	42	25	25	17	17	8	0	12
Photo imaging, Publishing, Libraries & Archives	30	48	30	22	9	22	13	0	23
	25	25	50	25	25	25	0	0	4
Nation									
England	39	36	32	29	24	23	9	5	66
Wales, Scotland and Northern Ireland	38	38	44	56	25	13	13	0	16
Company Size									
Workforce of fewer than 50	44	37	38	32	25	17	9	1	71
Workforce of 50 or more	20	40	20	50	20	40	20	20	10
Total	42	37	35	34	24	20	10	4	168

Part Four Effects on Recruitment and Employment Practice

Nearly one third (31%) of companies had made or expected to make some permanent staff redundant as a result of the current economic climate. There is very little variation by company type, except that higher proportions of larger companies report redundancies – perhaps unsurprisingly as they have a bigger pool of staff to make redundant.

Table 5 Proportion of Companies Making Staff Redundant Due to the Recession

	%	Base (n)
Sector		
Television and Radio	44	25
Animation, Interactive Media and Computer Games	28	36
Film and Other Content Creation	33	15
Facilities	23	31
Photo imaging, Publishing, Libraries & Archives	29	7
Nation		
England	29	93
Wales, Scotland and Northern Ireland	37	27
Company Size		
Workforce of fewer than 50	29	107
Workforce of 50 or more	50	12
Total	31	124

Companies who had made redundancies were asked how many they had made. The average was 4.8. Unfortunately, low response numbers do not permit any analysis or comparison by company type. Rather than attempt to quantify the volume of redundancies across sectors (which will in any case be picked up by Skillset's 2009 Employment Census) based on limited information, a qualitative analysis has been conducted on recent trends and developments in each sector which is presented in the appendix.

As seen in **Table 6**, 34% of companies said they had either not renewed some freelance contracts as a result of the recession, or that they were planning not to in the future. Among companies who said they had not renewed freelance contracts, the average number of freelancers affected in each company was 4.3.

Table 6 Proportion of Companies Not Renewing Freelance Contracts Due to the Recession

	%	Base (n)
Sector		
Television and Radio	44	25
Animation, Interactive Media and Computer Games	28	36
Film and Other Content Creation	47	15
Facilities	19	31
Photo imaging, Publishing, Libraries & Archives	29	7
Nation		
England	33	91
Wales, Scotland and Northern Ireland	33	27
Company Size		
Workforce of fewer than 50	29	107
Workforce of 50 or more	50	12
Total	34	124

Companies were asked whether they had changed their recruitment strategies as a result of the recession. Overall, as reported in **Table 7**, just over half - 52% - said they had. Larger companies, those based in England, and those in television and radio and facilities were more likely than other types of company to have done so. Companies who said their recruitment strategy had changed were asked to explain in what way(s). A wide range of areas was cited. A particular issue that emerged in the trade association survey was that companies may become particularly averse to recruiting at new entrant level:

‘The ability of employers to take on people who lack experience will worsen - there is no appetite to cover the risk of employing inexperienced people, regardless of how well trained they are. This applies across the board - if a person hasn’t had experience of doing the job, then employers are unwilling to consider them.’

Table 7 Proportion of Companies Changing Recruitment Strategies as a Result of the Recession

	%	Base (n)
Sector		
Television and Radio	60	25
Animation, Interactive Media and Computer Games	53	30
Film and Other Content Creation	50	12
Facilities	62	13
Photo imaging, Publishing, Libraries & Archives	50	32

Nation		
England	57	84
Wales, Scotland and Northern Ireland	43	28
Company Size		
Workforce of fewer than 50	44	64
Workforce of 50 or more	69	48
Total	52	117

Respondents were asked whether they were finding it difficult to find new people at the time of the survey. 43% said that they did, with programming, production and writing the three areas most commonly reported. This shows the complexity of dynamics within the labour market and serves to illustrate that in times of recession, the labour market does not simply rebalance in favour of supply to the benefit of employers.

Table 8 Proportion of Companies Finding it Difficult to Find New People with the Skills they Need

	%	Base (n)
Sector		
Television and Radio	40	25
Animation, Interactive Media and Computer Games	52	21
Film and Other Content Creation	42	12
Facilities	46	13
Photo imaging, Publishing, Libraries & Archives	30	30
Nation		
England	42	84
Wales, Scotland and Northern Ireland	50	28
Company Size		
Workforce of fewer than 50	45	64
Workforce of 50 or more	42	48
Total	43	117

Finally in this section, employers were asked whether they expected finding new people to become more difficult over the next twelve months. Just over one fifth said that they did, confirming the complex effects of recession on the labour market.

Table 9 Proportion of Companies Expecting it Become Harder to Find New People in the Next Twelve Months

	%	Base (n)
Sector		
Television and Radio	28	25
Animation, Interactive Media and Computer Games	24	29
Film and Other Content Creation	33	12
Facilities	8	13
Photo imaging, Publishing, Libraries & Archives	13	32
Nation		
England	21	84
Wales, Scotland and Northern Ireland	15	27
Company Size		
Workforce of fewer than 50	24	63
Workforce of 50 or more	17	48
Total	21	115

Part Five Effects of the Recession on Skills

Responding companies were asked whether they had experienced any particular skills gaps as a direct result of the recession. Overall, around a quarter said that they had, with few significant differences by company type.

Table 10 Proportions of Companies Reporting Skills Gaps as a Result of the Recession

	%	Base (n)
Sector		
Television and Radio	25	48
Animation, Interactive Media and Computer Games	21	66
Film and Other Content Creation	19	43
Facilities	28	32
Photo imaging, Publishing, Libraries & Archives	34	38
Nation		
England	24	175
Wales, Scotland and Northern Ireland	27	55
Company Size		
Workforce of fewer than 50	24	168
Workforce of 50 or more	27	60
Total	25	230

Those companies reporting a skills gap were asked to provide more details on the skills and occupations involved. **Table 11** shows the top three overall skill areas and occupations reported. Response numbers do not permit any analysis by company type. The key areas reported of sales and marketing, production, business management and leadership and technology have all repeatedly been cited as skills gap areas in previous Skillset research and industry feedback, and were also the areas highlighted by trade associations in their survey.

Table 11 Top Three Skills Gap Areas and Occupations Currently Resulting from the Recession

	%
Skill Area	
Sales and marketing	52
Production	24
Technology (multimedia)	24
Base	57
Occupation	

Production	28
Distribution, sales and marketing	20
Business management	20
Base	25

Companies were also asked whether they anticipated future skills gaps emerging in the next twelve months as a result of the recession. Around one third said that they did – a higher proportion than those already experiencing skills gaps. There are no major deviations from this when the data are compared by company type and the figures in any case need to be treated with caution due to low response numbers.

Table 12 Proportions of Companies Anticipating Future Skills Gaps as a Result of the Recession

	%	Base (n)
Sector		
Television and Radio	24	25
Animation, Interactive Media and Computer Games	27	30
Film and Other Content Creation	42	12
Facilities	39	13
Photo imaging, Publishing, Libraries & Archives	44	32
Nation		
England	35	84
Wales, Scotland and Northern Ireland	29	28
Company Size		
Workforce of fewer than 50	38	64
Workforce of 50 or more	29	48
Total	32	134

Respondents who said they anticipated skills gaps as a result of the recession were asked to indicate in which areas they expected them to occur. **Table 13** shows the top three skill areas and occupations where gaps are expected to occur. To a large extent, these reflect the current areas where gaps are being experienced as reported in **Table 11**, with sales and marketing, business management and production the areas causing greatest concern.

In addition to specific skills gap areas, an issue identified by respondents to the trade association survey was a likely future need for cross-platform working, especially among journalists and related professionals. For example, the following comments were offered in response to the question of whether

Table 13 Top 3 Skills Gap Areas and Occupations Anticipated to Result from the Recession

	%
Skill Area	
Sales and Marketing	13
Production	9
Art and Design	9
Base	54
Occupation	
Business Management	29
Production	11
Art and Design (3 rd =)	8
Animation (3 rd =)	8
Camera – Photography (3 rd =)	8
Base	38

All companies were asked to list up to three skills and occupations that would be needed in order for them to survive the recession and thrive thereafter. **Table 14** reports the top five of each cited across the board. Note that two separate bases are shown here for each – the number of respondents answering the question, and the total number of skill areas or occupations cited, with companies allowed to list up to three. The percentages shown are the proportion of companies citing each. To a considerable extent, the areas highlighted reflect those reported as current or future skills gaps in **Table 11** and **Table 13**, with sales and marketing and business skills again coming to the fore.

Table 14 Top Five Skills and Occupations Reported as Key to Surviving and Thriving Post-Recession

	%
Skill	
Sales/marketing	40
Business	32
Creativity and Innovation	17
Production	16
Accountancy and Finance	15
Base (number of respondents)	197
Total number of skills cited	498
Occupation	
Business Management	81
Strategic Management	34
Technical Development	29
Production	25
Art and Design	20
Base (number of respondents)	123
Total number of occupations cited	325

Part Six Effects of the Recession on Training

The survey asked respondents whether they had changed their training budget in response to the recession. Although over a third said they had reduced it, a quarter said they had actually increased it.

Table 15 Proportion of Companies Increasing and Decreasing Training Budget

	Increased budget	Decreased budget	No change/Don't know	Base
	%	%	%	<i>n</i>
Sector				
Television and Radio	38	33	29	24
Animation, Interactive Media and Computer Games	27	30	43	30
Facilities	0	67	33	12
Film and Other Content Creation	17	33	50	12
Photo imaging, Publishing, Libraries & Archives	27	50	23	26
Nation				
England	20	38	42	81
Wales, Scotland and Northern Ireland	36	43	21	28
Company Size				
Workforce of fewer than 50	22	31	46	63
Workforce of 50 or more	28	49	23	47
Total	25	39	36	111

Employers were asked whether they had witnessed any change in the level of requests for training. The majority (around two thirds) said either that they had not, or that they did not know. Around one in five companies said there had been an increase, and one in eight a decrease.

Table 16 Proportions of Companies Reporting Increases and Decreases in Requests for Training

	Increased	Decreased	No change	Don't know	Base
	%	%	%	%	<i>n</i>
Sector					
Television and Radio	31	17	31	21	42
Animation, Interactive Media and Computer Games Facilities	17	10	47	26	58
Film and Other Content Creation	17	3	45	35	29
Photo imaging, Publishing, Libraries & Archives	21	5	55	19	42
	27	27	12	33	33
Nation					
England	23	13	39	26	158
Wales, Scotland and Northern Ireland	20	10	43	27	49
Company Size					
Workforce of fewer than 50	21	9	45	25	159
Workforce of 50 or more	26	24	17	33	46
Total	22	13	39	26	207

Respondents were then asked whether they had experienced any change in the level of take up of training as a result of the recession. Again, the majority (over three quarters in this case) said either that they had not or that they did not know. Of the remainder, 17% said there had been an increase and just 5% a decrease.

Table 17 Proportions of Companies Reporting Increases and Decreases in Take up of Training

	Increased	Decreased	No change	Don't know	Base
	%	%	%	%	<i>n</i>
Sector					
Television and Radio	39	8	25	28	36

Animation, Interactive Media and Computer Games	13	4	55	28	53
Facilities	0	0	54	46	26
Film and Other Content Creation	16	0	62	22	37
Photo imaging, Publishing, Libraries & Archives	10	14	24	52	21
Nation					
England	17	5	46	32	133
Wales, Scotland and Northern Ireland	14	5	47	33	43
Company Size					
Workforce of fewer than 50	12	4	53	30	138
Workforce of 50 or more	33	6	19	42	36
Total	17	5	46	33	175

Finally in this section, the survey asked companies whether their ability to provide training had been affected by the recession. As shown in **Table 18**, over half said that it had, with very little variation by company type.

Table 18 Proportions of Companies Whose Ability to Provide Training Has Been Affected by the Recession

	%	Base (n)
Sector		
Television and Radio	56	25
Animation, Interactive Media and Computer Games	58	26
Film and Other Content Creation	58	12
Facilities	46	13
Photo imaging, Publishing, Libraries & Archives	58	31
Nation		
England	56	82
Wales, Scotland and Northern Ireland	54	28
Company Size		
Workforce of fewer than 50	57	63
Workforce of 50 or more	54	48
Total	55	112

Part Seven Future Impacts of the Recession

The final section of the survey asked respondents whether they felt the recession would have any long term effects on labour supply, and how much longer they thought it would last. Over half said they thought it would affect the labour supply to their own business and a similar proportion that it would affect the industry in their region or nation. Four out of five businesses said they expected it to have an effect on the industry as a whole throughout the UK.

Table 19 Areas of Long Term Impact of the Recession

	Own Business	Creative Media Industry in Own Nation/Region	Creative Industry throughout UK as a Whole	Base
	%	%	%	<i>n</i>
Sector				
Television and Radio	62	67	76	21
Animation, Interactive Media and Computer Games	47	65	82	17
Facilities	39	39	94	18
Film and Other Content Creation	58	54	75	24
Photo imaging, Publishing, Libraries & Archives	60	60	60	5
Nation				
England	51	56	82	73
Wales, Scotland and Northern Ireland	60	53	80	15
Company Size				
Workforce of fewer than 50	55	59	80	76
Workforce of 50 or more	33	33	89	9
Total	54	56	80	86

The majority of respondents expected the recession to last either between six months and one year (31%), or between one and two years (28%) from the time of the survey. 8% thought it would end sooner and 19% that it would last more than another two years.

Table 20 Expected Further Duration of the Recession from the Time of the Survey

	Less than three months	Three-six months	More than six months and up to one year	More than one year and up to two years	More than two years	Don't know	Total	Base
	%	%	%	%	%	%	%	<i>n</i>
Sector								
Television and Radio	4	4	42	25	21	4	100	24
Animation, Interactive Media and Computer Games Facilities	0	17	29	29	14	20	99	35
Film and Other Content Creation	0	0	39	29	19	13	100	31
Photo imaging, Publishing, Libraries & Archives	0	0	17	0	50	33	100	6
Nation								
England	1	7	32	30	19	12	101	91
Wales, Scotland and Northern Ireland	0	7	30	22	22	19	100	27
Company Size								
Workforce of fewer than 50	0	8	32	28	19	13	100	103
Workforce of 50 or more	8	0	25	25	17	25	100	12
Total	1	7	31	28	19	14	100	116

Appendix: Analysis of Recent Trends and Developments

Overview

Unlike many sectors, the current challenge for those in sectors such as television, radio and publishing is less about the scale of demand, but its complexion and the ways in which it can be met. In particular, recent years have witnessed fragmentation of markets on a huge scale, meaning that broadcasters and most others in the creative media world have for some time been having to rethink their business models completely. It has long been clear that the traditional media paradigm of broadcasters providing advertisers with direct or exclusive access to mass markets and relying solely on that revenue source has gone for good. The decline in advertising revenue has presented many employers in the sector with profound business challenges long before the rest of the economy began its slide towards recession. This is reflected by the observation by one respondent to the trade association survey that:

‘The newspaper and magazine industry have seen a downturn in advertising/revenue which when coupled with structural change is causing massive job losses, reduced freelance budgets, fewer commissions, non-renewal of contracts, unfilled vacancies. Around 20% of editorial jobs in local commercial media have gone in the past 18 months. More than 25 offices have closed and 50-plus titles have been axed.’

The recession itself has not impacted on all sectors of the creative media industry equally, or in the same way as the rest of the UK economy. For example, OFCOM’s recent annual report found that spending on the internet, television, and mobile telephones is regarded by most UK households as a higher priority than almost everything except food. The study also highlights a major rise in the use of social networking sites. Around 19 million people in the UK (50% of internet users) visit Facebook, spending an average of six hours per month on the website – an increase from four hours per month in May 2008. Similarly, in film, box office admission actually rose in 2008 compared with 2007. Notwithstanding this, the recession has had colossal repercussions for some areas of the industry, as is highlighted in the analysis for each sector.

Looking to the future, earlier in the summer, The Department for Culture, Media and Sport announced plans to create up to 10,000 jobs for young people in the creative industries. This will see local councils, third sector bodies, arts groups, and creative industry bodies bid for funding to support new innovative jobs. The money will come from the £1.1 billion Future Jobs Fund which will provide funding for 150,000 jobs that will come on line from the autumn, and will be paid at least at National Minimum Wage. These will be targeted primarily at 18-24 year olds, but some will also be available for other disadvantaged groups and unemployment hotspots. While not all of these opportunities will be in the creative industries, this is obviously a substantial target.

Television

The past decade has seen both a net increase in employment in the sector and a major shift in the balance away from broadcast to independent production and cable and satellite.

Anecdotal evidence strongly suggests that in line with the wider economy, the trend of overall employment growth in the sector as a whole has been reversed, and the pace of decline in broadcast TV accelerated.

This was reflected in ITV's recent announcement on 4 March 2009 of an anticipated 600 job cuts, plus cuts to the programme budget which will almost certainly have a knock-on effect on employment in the independent sector. The announcement came as ITV reported a loss of £2.7bn for 2008, largely a result of declining advertising revenues. About 500 of the jobs will be lost in Leeds with the closure of ITV's Kirkstall Road studios. ITV plans to deliver annual savings of £155m in 2009, rising to £245m in 2011. That includes a reduction in network programme investment of £65m in 2009, and a further £70m in 2011. ITV's shareholders will not be paid a dividend this year, and there are also plans to sell its online business directory Scoot and close the ITV Local broadband service, which provides local news content.

In addition, the broadcast sector has for some time been having to accommodate the implications of the BBC's announced plans to downsize (before the onset of the recession), and the relocation of several functions to the North West of England, as well as a relatively small (around 200) likely job cuts announced by Channel Four at the end of 2008.

Radio

Even before the recession started to take hold, the radio industry had experienced a major period of reorganisation and restructuring, in part due to the changing landscape noted above: this included GCap Media's acquisition by Global, the purchase of Virgin Radio by TML and rebranding of Virgin Radio as Absolute Radio, and the purchase of the EMAP group by Bauer. All of these deals illustrate the increasingly globalised context in which the industry is operating and most of them have implied rationalisation of the workforce in one way or another.

Leading companies have responded differently to the challenges of the recession: for example, Bauer has focused effort on nurturing its network of local stations in the belief that regional advertising will hold up best throughout the recession; Global on the other hand has focused more on its national brands, Heart, and Galaxy. However, as well as redundancies, common themes have included freezing salaries and training budgets (eg at Global and KMFM) and major impacts on the independent sector, reflected in GMG's funds for independent production across Smooth, Real and Rock networks being suspended.

Computer Games

There are structural issues of a different nature in the games industry to the rest of creative media. The growth in global sales, tax breaks and other financial incentives overseas has accelerated a drain of the industry overseas. The recession is hitting and developer's costs are being affected. The retail sector has been hit hard as sales migrate online. The future is predicted to lie in online gaming with MMOs and virtual learning growing. The industry has called for incentives from the UK government to support the industry and retain its skills base. Continuing work on improving home grown talent has also been called for to support

this. In particular, as in-game advertising increases, industry will need to have staff with the right skills to understand and optimise commercial opportunities.

A number of specific announcements have been made during 2009 in response to the recession: Microsoft predicted they will lose 5,000 jobs in the eighteen months from February 2009, some 30% of which would come from the Games Testing Division. In January 2009, Games Studios cut 2,000 jobs cut across Europe and the USA, and Intel have planned to cut 6,000 jobs from their engineering facilities worldwide. Sony has committed to cutting 16,000 jobs but as yet these do not look like they will come from their Games division. Other job losses have been announced at EA, Free Radical and Gusto (both in the East Midlands) and Eidos (in Manchester). Playtime Multimedia has gone into administration.

Film

The effect of the recession on the film industry has so far been mixed. In each of the previous economic downturns, the number of films produced and box office figures have fallen sharply. That has not been the case in the current downturn: box office admissions rose in 2008 over the previous year and are expected to rise a further 1.1% in 2009. This is reflected in the nature of input received in the trade association survey:

‘Cinema businesses are remaining stable during the recession.’

‘The effects of the recession are likely to be moderated by higher major feature film production in the last two quarters of 2009.’

However, while both the exhibition sector and larger scale production sector, boosted by a small number of blockbusters, have held up well, the picture has not been as sanguine for smaller, independent production companies. A recent survey by Price Waterhouse Coopers found that fifty small companies had collapsed in the eighteen months leading up to August 2009 hitting a low point in the Winter of 2008-2009 when 13 went into liquidation. Companies including Palm Tree UK, Grass Roots Films and 525 have all folded in the past year. The Price Waterhouse survey attributes the hard times endured by the independent sector to the challenges presented by successfully managing their fundraising model during times of extreme economic pressure and uncertainty.

Photo Imaging

Overall, the sector has experienced a reduction in its net value despite volume growth. Of the top performing 1,000 companies in the sector, just under a quarter are reported to be in danger of becoming insolvent and 6% report falling sales for a second year running.

For photographers, general cost cutting has impacted severely on the standard rates for work. As already noted, news media and the magazine industry have been particularly hit by advertising revenue falls and have unilaterally cut costs, which is having a knock on effect for the photography business. It is reported to be tougher than ever to be a freelance photographer or micro-business as cuts throughout the value chain filter through to individuals. To illustrate the point, The Times has introduced a new rate card which some

reports have estimated to result in a loss of 40% of income for freelance photographers. Other photographers report decline in work due to budget constraints of clients and withdrawal of project funding/sponsorship from corporate businesses or local government affecting photo commissions.

The recession has also impacted on the photo retail, most notably in the form of substantial job losses at Jessops. Digital SLR cameras are currently the best performing consumer technology product but price cutting and heavy discounting across the market have affected value growth in the retail sector.

In manufacture, Eastman Kodak announced its intention to cut 4,500 jobs across its global operation, though it is as yet unknown how many of these will be in the UK.

Publishing

There have been major structural changes taking place driven by the move away from the traditional advertising revenue model as also experienced in the broadcast sector (more online content, but at lower cost) as well as by the recession. This has resulted in fewer titles and jobs and the loss of some functions (e.g. sub-editing).

Trinity Mirror saw a 22% year on year decline in profits resulting in redundancies and restructuring, a trend repeated at Newsquest, Johnston Press, Kent Messenger Group, and Guardian Media Group. The decline of regional newspapers has been particularly marked. Over the past 13 months, there has been a net loss of 42 titles, which gives an indication of the state of the sector (although this loss represents less than 4% of newsprint titles). While all regions have been affected by the decline of regional newspapers, the South West has been less affected and has experienced no newspaper closures. The regions most affected have been London, the West Midlands, the North West and the North East.

The NUJ has recently reported less usage of freelancers across all newspapers, both for articles and photographs. The lack of available work for freelancers at a time when redundancies mean more individuals in the industry are likely to become freelance, may create a highly competitive environment and may also create or exacerbate the sorts of problems which have already been noted in the broadcast sector in terms of management of the career and skills development of an increasing freelance labour pool.

While book publishing has been outperforming the wider economy, the value of books sold has been in decline and Random House recently announced it is cutting 5% of jobs (30 jobs) as a result of 'rising costs, the collapse of book distributor EUK and the severe financial downturn had all contributed to the decision to cut jobs.'

The magazines sector has also suffered as a result of the decline in advertising revenue, with the closure of some titles, a number of redundancies, and various other measures such as the introduction of compulsory unpaid leave.

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