



Strategic Skills Assessment for the Creative Media Industries

London

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1. Introduction

‘London is endless and illimitable’, Peter Ackroyd, London: The Biography

London hosts two of the UK’s most important economic sectors – Financial Services and the Creative and Cultural industries (of which Creative Media is a major part). Together they account for more than 14% of GDP with Creative and Cultural industries generating 6.4%¹ and are bigger than manufacturing (12% of GDP). One has recently caused the deepest recession since the 1930s. The other continues to provide jobs, hope and happiness to millions. London’s creative and cultural sector is an astonishingly vibrant part of the UK’s whole economy. London’s Creative Media sector boasts 30% of the UK’s Creative Media workforce. It dominates many Creative Media Industries such as television in terms of scale and employment opportunity. Nor should this be a surprise. Creative Media Industries is an exporting industry locked into a global trading environment. London as a geographic centre of excellence is a world city as much, if not more, attached to Europe and the rest of the world as it is to other parts of the UK. This creates opportunities for London’s Creative Media Sector and threats to other regions.

The Government has been aware for some time of the geographic concentration of some Creative Media Industries such as Television – hence the relocation of so much of the BBC’s production capacity to Salford Quays in the North West. But for the private sector, dominated as it is by an external labour market made up of thousands of small businesses and sole traders², London remains the place to be.

Skillset is the Sector Skills Council for Creative Media Industries (see Box 1).

Within the wider definition of the creative industries, the Creative Media industries are bound by common output in the form of creative content and increasingly the boundaries between these business and sectors are becoming blurred. Whilst there are still key distribution platforms including; cinema, TV, books/print Media and online and mobile, companies creating content are doing so in a way that can be used for multiple platforms. The business context is providing an opening of channels for distribution and ‘multi platform content’ is key.

¹ <http://stats.oecd.org/Index.aspx> ; <http://www.idea.gov.uk/idk/core/page.do?pageId=11138810>

² See Strategic Skills Assessment for the United Kingdom, February 2010, Skillset

Box 1: Skillset's Footprint (Scope)

Skillset is the Sector Skills Council for the Creative Media industries, representing eleven sub sectors which are grouped into six of the Creative Industries as defined by the DCMS. At the heart of the Creative Industries, the Creative Media sector includes companies involved in: Advertising, Film, Television, Radio, Photo Imaging, Interactive Content Design, Publishing, Animation, Content for Computer Games, Commercials and Promos, Corporate Production, Post Production and Visual Special Effects and Other Specialist Facilities. For ease in some cases the following sectors are referred to and grouped under the umbrella heading 'Audio Visual': Broadcast, Corporate Production, Commercials and Pop Promos, Facilities, Animation, Interactive Content Design and Content for Computer Games

NB. For the purposes of this report data does not include figures for the advertising as they have only just come under Skillset's remit at the request of the respective industries. Skillset is also now responsible for the Fashion and Textiles industry and has produced separate analysis for these sectors available at: www.skillset.org/ssa and on the London Skills and Employment Observatory.

The Creative Media sector is synonymous with the Creative Content sector and accounts for 70% of the value and estimated growth potential of the Creative Industries generally in the UK.³

Box 2

London's World-Class Creative Media Industries

- 1 in 5 of all new jobs in London are in the Creative Media industries
- The total value of London's Feature Film Production in 2008 was £433.65 million, 75% of the UK total
- London's Film and Television and Broadcast industries directly contribute £13.6 billion to London economy.

Evidence includes Skillset's 'From Recession to Recovery', (2009) based on a UK wide sample of 262 employers consulted during 2009 :one third had made or expected to make some staff redundant as a result of the recession and just over one third had not renewed some freelance contracts. UK Film Council and Film London

³ <http://www.ikt.org.uk/resource/files/2009/11/02/creative%20industries%20strategy.pdf>

1.1 An Overview of Current and Future Skills Priorities

London hosts just under 30% of the workforce that forms the Creative Media sector. This rises to 62% of those who work in the television sector and falls to just 17% for Photo Imaging. As such many of the key recommendations in the UK Strategic Skills Assessment (SSA) apply to London and this report should be read in conjunction with both the full UK SSA and that for England.

1.2 Research and Data

The analysis in this document is based on data and information from a number of sources. This includes sector-endorsed primary and secondary research from Skillset and as far as possible secondary data sources such as the Office of National Statistics' Annual Business Inquiry (ABI), Labour Force Survey (LFS) and Inter-Departmental Business Register (IDBR), and the DCMS Creative Industries Economic Estimates Statistical Bulletin.

This work recognises the limitations of official data sources that rely on Standard Industrial and Standard Occupational Classifications for Creative Media Industries, key elements of which are not served well by the classifications or the data that rely on them. Further detail on the limitations is provided in **Annex A**, but in brief:

- Key elements of Creative Media Industries sit in broad classifications that include activity outside of Creative Media preventing any discrete and crucial analysis, e.g. Interactive Content Design, Content for Computer Games and Facilities.
- Official data sources to a greater or lesser extent systematically exclude the increasing freelance labour pool required to create and distribute the creative content upon which our economy is becoming increasingly reliant.
- In some cases sample sizes are too small to enable discrete analysis of data contained within SIC that do exist and this is particularly the case for analysis at a London level.

Skillset is carrying out key research now to refresh the data presented in this document and provide more detailed analysis: www.skillset.org/playyourpart. For more information about Skillset's industry endorsed research programme please go to: www.skillset.org/research.

2. What Drives Skills Demand?

2.1 Contribution of the Sector

The UK has the largest creative industry in the world relative to GDP, and is a world leader in culture and media, consistently in the top three achieving countries.⁴ At the heart of this are Creative Media Industries which comprise of a diverse number of market sectors, from Television, Radio, Film and Publishing through to Content for Computer Games and Photo Imaging. Recent figures suggest that the UK's Creative Media industry employs around half a million⁵ people, and contributes around 5.2% of UK economic output (or around £60billion), making it the largest in Europe.⁶

Consistent with the whole UK picture, Creative Media Industries also form a significant part of the London economy and are recognised as being an area of key strategic importance by the Government in their analyses of the growth potential of the digital industries.⁷

Skillset estimates that around 142,000 people work in Creative Media in London, 29% of the total workforce, a statistic that underlines the sector's overall significance.⁸ It shows that the largest sectors in London in terms of workforce are Publishing with 52,000 people; Television with 31,000 and Facilities with 24,000.⁹

In the decade to 2006, Creative Media Industries across the UK enjoyed unprecedented growth. At a UK level however, the recent recession seems to have hit many sub-sectors within the Skillset footprint hard.¹⁰ Recent data suggests that jobs appear to have been lost from the Publishing, Radio and Content for Computer Games

⁴ Technology Strategy Board Creative Industries Strategy 2009-2012, Technology Strategy Board (2009)

⁵ Skillset (2009) Employment Census (all creative sub-sectors excluding Film Production, Photo Imaging, Publishing), secondary analysis of unit lists for feature Film Productions (80 minutes or longer and minimum budget of £500K) involving UK based crew that were shot during 2006 (Film Production), and Labour Force Survey April - June 2009.

⁶ Nesta Annual Review February-09, p22

⁷ 'Digital Britain Final Report', DCMS June 2009.

⁸ Skillset (2009) Employment Census (all creative sub-sectors excluding Film Production, Photo Imaging, Publishing), secondary analysis of unit lists for feature Film Productions (80 minutes or longer and minimum budget of £500K) involving UK based crew that were shot during 2006 (Film Production), and Labour Force Survey April - June 2009.

⁹ Skillset (2009) Employment Census (all creative sub-sectors excluding Film Production, Photo Imaging, Publishing), Skillset/UK Film Council (2008) Feature Film Production Workforce Survey, and Labour Force Survey April - June 2009.

¹⁰ Skillset (2009) From Recession to Recovery. Based on a sample of 262 employers

sub-sectors in London since 2006/7, although it is unclear as yet to what extent these findings are directly related to the recession.¹¹

Most fall into the small to medium size enterprise (SME) category¹² since the Creative Media economy is characterised by many small firms.¹³ Only four percent of companies in Creative Media have more than 50 employees.¹⁴ The industry in London is also heavily reliant upon freelance workers – which make up around 20% of the Creative Media workforce.¹⁵

Table 1: London’s Freelance workforce

	Total Employed	% freelance
TELEVISION	31,200	24%
Terrestrial TV	9,100	18%
Cable & Satellite Television	12,650	11%
Independent Production (TV)	9,500	49%
RADIO	6,650	18%
Broadcast Radio	5,800	11%
Independent Production (Radio)	800	77%
FACILITIES	23,900	24%
Post Production	6,000	25%
Studio & Equipment Hire	2,700	40%
Outside Broadcast	50	*
Visual FX	6,400	13%
Special Physical Effects	300	24%
Manufacture of AV Equipment	50	*
Processing Laboratories		
Other Services for Film and Television	8,450	28%
FILM	7,300	73%
Cinema Exhibition	N/A	N/A
Film Distribution	900	19%
Film Production	6,450	80%

¹¹ Ibid

¹² Skillset (2006) Employment Census, and Skillset (2007) analysis of Experian .

¹³ Nesta Annual Review February-09

¹⁴ Ibid. Although it should be noted that 35% of the workforce are employed in very large companies (employing more than 200 people).

¹⁵ Skillset (2009) Employment Census (all creative sub-sectors excluding Film Production, Photo Imaging, Publishing), Skillset/UK Film Council (2008) Feature Film Production Workforce Survey, and Labour Force Survey April - June 2009.

ANIMATION	900	47%
OTHER CONTENT CREATION	3700	49%
Commercials Production and Pop Promos	1900	41%
Corporate Production	1800	57%
Interactive Content Design	6800	31%
Online Content (was web and internet)	6400	31%
Mobile Content	0	-
Offline Multimedia	200	40%
Other Interactive Content Design	150	22%
Content For Computer Games	1350	6%
Games Development	150	47%
Games Publishing	1200	*
Games Development Support	0	-
PUBLISHING	52,000	7%
PHOTO IMAGING	8,000	59%
Archives & Libraries	100	18%
TOTAL EXCLUDING FREELANCERS AVAILABLE	142,000	20%

Source: Skillset 2009 Employment Census (all creative sub-sectors excluding film production, photo imaging, publishing), secondary analysis of unit lists for feature film productions (80 minutes or longer and minimum budget of £500K) involving UK based crew that were shot during 2006 (film production), and Labour Force Survey April - June 2009.

As can be seen from Table 1, the use of freelance labour across the different sectors of Creative Media varies considerably. Film Production with 80% freelancers is primarily a freelance labour market, whereas at the other extreme Publishing with 7%, Broadcast Radio with 11% and Content for Computer Games at just 6% barely use freelancers. Interactive Content Design at 31% is a third higher than figures for across the whole of the UK sector while publishing at 7% is nearly half the rate for the whole of the UK's Publishing sector where freelancers make up 13% of the total.

There have also been some stark differences in the London labour market between the boom times in 2006-07 and the recession. In Broadcast Television the number of freelancers has almost halved between 2006 and 2009. Independent Television Production has lost 2,000 freelancers or almost a third of the total employed in 2006.

Indeed when comparing employees from across Creative Media in 2006 and employees in 2009 there has been very little change – just 5% down. However for freelancers the story is a less happy one. The reduction has been a reduction of 23% from the 2006 figure.¹⁶

In what is now a global economy it can be difficult for smaller or even medium sized companies to keep up to date with technology and market developments to capitalise on globally driven opportunities.¹⁷ Indeed, perhaps partly in response to this, the global picture in recent years has been one of market concentration with the emergence of large media multi-nationals (such as Sky and Sony) with broad and ever expanding interests across a number of media sectors, genres and platforms.¹⁸ It is known that both freelancers and small companies in relative terms find it more difficult to invest in skills development.¹⁹ All this emphasises the important role played by the public sector – working with the industry – to facilitate access to high quality information, advice and education and training provision for the entire Creative Media workforce.

Creative Media Industries in London are reliant on a wide range of occupations from creative and productive roles through to administration and commercial activities. Table 2 provides a breakdown of employment by occupation in London.

Table 2 Occupational Breakdown - Creative Media industry in London²⁰

OCCUPATIONAL GROUP	Total (%)
Creative Media (excl. Publishing)	
Strategic Management	4
Creative Development	2
Production	13
Legal	1
Broadcast Management	3
Broadcast Engineering and Transmission	4

OCCUPATIONAL GROUP	Total (%)
Publishing (UK data only)	
Managers and Senior Officials	25%
Professional occupations	7%
Associate Professional and Technical	36%
Administrative and Secretarial	12%
Skilled Trades Occupations	4%
Personal Service Occupations	0%

¹⁶ Skillset Employment Censuses 2006 and 2009

¹⁷ Creative Industries Technology Strategy 2009-2012

¹⁸ For example, Sony (Games, Music and Films); Universal (Music and Films); NewsCorp (Publishing, TV, Film, Interactive Content Design and Film)

¹⁹ http://www.hm-treasury.gov.uk/leitch_review_index.htm

²⁰ -- denotes a figure less than 0.5 but greater than 0. Occupation data for the publishing industry shows only data for the UK (official data sources and small sample sizes do not allow for reliable London only data to be published).

Editorial, Journalism and Sport	5
Content Development	1
Art and Design	7
Animators	6
Costume/Wardrobe	2
Make Up & Hairdressing	1
Camera/Photography	6
Lighting	1
Audio/Sound/Music	3
Transport	--
Studio Operations	1
Technical Development	1
Editing	4
Laboratories and Imaging Services	1
Manufacture	--
Servicing	1
Retail and Exhibition	6
Libraries and Archives	3
Distribution, Sales and Marketing	2
Business Management	17
Other	2
Total Creative Media (excl. Publishing)	100%

Sales and Customer Service Occupations	5%
Process Plant and Machine Operatives	3%
Elementary Occupations	8%
Total Publishing	100%

Sources: Skillset (2009) Employment Census (which excludes freelancers available to the workforce but not working at the time of the Census), Skillset (2007) Photo Imaging Workforce Survey, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey Note: Data for Publishing is UK only and has been taken from the Labour Force Survey July-September 2009.

2.2 Product Market Structure

2.2.1 Overview

The market is dominated by a few larger firms in Publishing, Film Production, Television Broadcast (including the BBC, a public sector broadcaster (PSB), and Channel 4, which has a public value remit in addition to a commercial remit), and the other Creative Media Industries. Beneath these firms sits a long tail of small and medium size enterprises.

2.2.2 Innovation

One of the key elements asked of any market structure and associated support systems is the level of innovation that they can deliver. Creative Media is considered to be one of the UK's most dynamic sectors in terms of innovation and this has been reflected in recent years in impressive growth rates - outperforming UK industry rates

as a whole.²¹ Moreover, the Technology Strategy Board has asserted that the Creative Industry – at the heart of which are the Creative Media Industries - is an important stimulator of innovation in the wider economy, via firms they work with as partners and/or suppliers.²² Crucially too, the industry is seen as an essential driver of UK productivity in the recovery from recession.²³

Technological advancements lie at the heart of Creative Media Industries' dynamism in recent years. Indeed, it has been argued technological developments have blurred the boundaries between different creative industry sub-sectors. Businesses and markets, which traditionally had little in common, now find themselves facing common challenges.²⁴

The availability and mobility of broadband technology and the interactivity offered by Web 2.0 are just two of the ways that have revolutionised the way individuals consume Creative Media content. Crucial to meeting this demand, and therefore central to the success of Creative Media Industries in London, is the need to recognise that traditional supply side approaches are being superseded by new business models. Traditionally, sector incumbents worked within tightly defined supply chain 'roles'. Businesses whose domain was 'content creation' operated distinctly from others involved in 'distribution' while those in 'retail/dissemination' would operate separately from either. However in many sectors this purely linear business model is increasingly giving way to a much more inter-woven environment where products or 'created content' are 'consumed' across a variety of outlets and platforms. New business models emphasise an approach where creative content is conceived, published, distributed, advertised and consumed digitally. Moreover, product and market information flows to and from all elements of the model allowing the rapid shaping of new content.

Worryingly, the recent European Commission Digital Competitiveness Report 2009 casts doubts on the UK's current performance in some of these aspects.²⁵ The authors noted that while the UK scores particularly highly in terms of 'eCommerce', with the highest proportion in Europe of enterprises selling online, it scores extremely poorly in all of the report's 'eBusiness' indicators including: sharing information electronically

²¹ Nesta Annual Review February-09, also Creative Industries Technology Strategy 2009-2012

²² Investing in the Creative Industries; A Guide for Local Authorities, Work Foundation, June 2009.

²³ Attacking the Recession: How Innovation Can Fight the Downturn, NESTA Discussion Paper, December 2008.

²⁴ Creative Industries Technology Strategy 2009-2012

²⁵ Europe's Digital Competitiveness Report, Commission of the European Communities, August 2009

with customers / suppliers; exchanging business documents automatically; sending / receiving e-invoices; and using applications for integrating internal business processes.

2.2.3 Digital Britain

More than any other force, new digital technologies will shape innovation, products and business supply models across Creative Media in London over the next decade.

Digital Britain sets out the UK Government's strategic vision for the UK's digital economy. The aim is to ensure that the UK is at the leading edge of, and best utilises, global developments in digital technology. The agenda is ambitious, spanning digital infrastructure, investment and participation.

At the skills level this means:

- Developing the pools of technology and content professionals who create new digitally based systems and populate those systems with content valued by consumers from all spheres of the global economy;
- Exploiting the commercial opportunities afforded by digital technology by increasing the number of technology-capable business people, who understand the strategic implications of technology and can maximise its value through innovative approaches that increase productivity and competitiveness;
- Achieving improvements in the IT user skills of individuals across the public, private and voluntary sectors such that skills levels allow exploitation of the new digital technology.²⁶

2.3 Employment Profile

Efforts to support skills developments in Creative Media Industries in London will be shaped by the employment profile of the workforce. Table 3 presents data on the employment profile of Creative Media at the London, England and UK level and narrative analysis follows.

Table 3: Employment Profile for Creative Media Industry in London

²⁶ e-Skills UK, Skillset & Creative and Cultural Skills (2009), Strategic Skills Assessment for the Digital Economy.

Characteristic	All UK economy	All London economy	Creative Media Industry		
			London	England	UK
16-34 years ²⁷	39%	46%	41%	41%	42%
35 years and over ²⁸	61%	54%	58%	59%	58%
Female ²⁹	49%	46%	38%	38%	42%
BAME ³⁰	11%	15%	11%	6%	6%
Disabled ³¹	12%	11%	5%	8%	8%
Graduates ³²	36%	41%	71%	54%	57%
Freelance ³³	5%	25%	20%	36%	36%

As illustrated in the table above, the data suggest that Creative Media Industries in London is characterised by:

- A middle-aged and older workforce: 9% of the Creative Media workforce in London are aged 16-24, 32% 25-34; 42% 35-49 and 16% over 50 years of age. This is particularly true of Photo Imaging where some 73% of the workforce is over 35; Publishing where 68% are over 35 and in Film Production and the Audio Visual sectors where the figures are 53% and 59% respectively.³⁴ Given the informal nature of much recruitment into the sector the danger is that a cohort of experienced workers will soon come to retirement at the same time and the new supply of workers will not have the knowledge and skills to replace them. For an industry whose worth is based on the perceived quality of its output that is a major risk.

²⁷ Skillset (2008) Creative Media Workforce Survey, Skillset /UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey and LFS Apr-Jun 2009.

²⁸ Ibid

²⁹ Skillset (2009) Employment Census, Skillset /UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey, and LFS Apr-Jun 2009

³⁰ Ibid

³¹ Skillset (2008) Creative Media Workforce Survey, Skillset /UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey and LFS Apr-Jun 2009

³² Ibid

³³ Skillset (2009) Employment Census, Skillset /UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey, Skillset/Equity Performing Arts Industry Workforce Survey 2005 and LFS Apr-Jun 2009

³⁴ Skillset (2008) Creative Media Workforce Survey, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey 2008, Skillset (2007) Photo Imaging Workforce Survey and LFS Apr-Jun 2009.

- Relatively low female, BAME and disabled percentages: Representation of women is lower in Creative Media in London than the UK as a whole (38% compared to 42%).³⁵ BAME figures at 11% compare more favourably with the rest of England and the UK being almost 100% higher whereas figures for disabled workers are disturbing at just 5% some 40% below the UK average.³⁶ Again variations by sub-sector are likely to be considerable: representation of women in the Publishing sector is much higher (49%) than Audio Visual (31%).³⁷ Skillset has shown at the UK level a trend of falling female participation generally in the sector (which runs counter to trends in the wider UK economy). Further research suggests that the representation of older women may be lower still noting difficulties in balancing the long and unpredictable hours with raising a family as an explanation for this.³⁸

Table 3 shows that 5% of the London Creative Media workforce considers themselves to be disabled (as defined by the Disability Discrimination Act) below the UK economy as a whole (8%). The lowest representation is in Film Production (3%).³⁹

- A very highly qualified workforce: 71% of London's Creative Media workforce was found to have reached at least the graduate/level 4 qualification. This compares positively with the 35% of the population of working age that have attained that level across the UK economy as a whole. The figure is particularly high for the Audio Visual sectors at 78%.⁴⁰
- A reliance on freelance and cross sector workers:⁴¹ More than one in five (20%) workers in the London Creative Media workforce is freelance, below the third on average across the Creative Media Sector in the UK⁴². This slightly lower

³⁵ Skillset (2009) Employment Census, Skillset /UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey, Skillset/Equity Performing Arts Industry Workforce Survey 2005 and LFS Apr-Jun 2009

³⁶ Ibid

³⁷ Publishing is LFS Apr-Jun 2009 and Audio Visual is Skillset (2008) Creative Media Workforce Survey

³⁸ Skillset (2006) Balancing Children and Work in the Creative Media Industries Skillset (2009) Employment census found around 47% of the Creative Media workforce work between 9 and 14 hours each day.

³⁹ Skillset (2008) Creative Media Workforce Survey.

⁴⁰ Skillset (2008) Creative Media Workforce Survey, Skillset /UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey and LFS Apr-Jun 2009

⁴¹ 'freelance' = contract of less than 365 days and 'employee' = contract of 365 days or more.

⁴² Skillset (2009) Employment Census, Skillset /UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey and LFS Apr-Jun 2009

percentage of freelancers is due to the relatively large concentration of larger Creative Media businesses in London offering permanent contracts such as the BBC and Channel 4. This level of freelancing may be a conservative estimate since the full implications of the recession on freelancing (e.g. via enforced freelancing) are not yet fully understood. Many sectors of Creative Media are characterised by higher still levels of freelancing when compared to the average, especially those areas most closely involved in the production process for example Film (80%) Independent Production for Radio (77%), Photo Imaging (49%), and Independent Production for TV (80%).⁴³

- Similarly, many in the workforce use their skills across a number of sub-sectors. This is particularly pronounced in outside broadcast, corporate production, post production and Animation.⁴⁴

2.4 Recruitment at Entry Level Onwards

The oversupply of potential new entrants – a characteristic of many sectors within Creative Media Industries – is a central factor. Symptomatic of this oversupply is that a high percentage of new entrants are undertaking voluntary (unpaid) work as a means of gaining a foothold in the industry: 45% of the UK workforce (and 43% of the 16-24 year old UK workforce) surveyed had undertaken unpaid work at some time in their career. In some sectors like Content Creation (75%) and Independent TV Production (56%) the percentage figure is much higher.⁴⁵

High levels of unpaid work may partly reflect the inherent culture of the industry. The Skillset (2008) Creative Media Workforce Survey found that only a third of new entrants entered the industry via formal recruitment processes such as job adverts or recruitment agencies. Ad hoc or informal methods like ‘word of mouth’ and via ‘friends and family’ formed the majority of approaches.

It has also been argued that the recent recession may have resulted in an increase in unpaid work, with companies increasing their use of volunteers in roles that would

⁴³ Ibid

⁴⁴ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing.

⁴⁵ Ibid

otherwise have been taken by paid staff. However, this finding may have related more to existing staff 'working for free' rather than companies shifting recruitment strategies to new entrants (who might work for free). Skillset also found evidence that companies in the recession had become particularly averse to recruiting at new entrant level - no matter how qualified the candidate may be – because they lacked experience.⁴⁶

However, it should be noted that not all Creative Media Industries are oversupplied. Notably, skills shortages exist in areas like Production, Engineering and the more craft orientated occupations, while oversupply is most pronounced in the most general Creative Media roles.⁴⁷ A lack of information on the range of occupational roles may be a contributing factor. Employers report that current new entrants have little knowledge about 'working in the Media' and even less about how to enter the sector. This despite a marginal increase in the proportion of the Creative Media workforce receiving structured careers advice - 28% in 2005 (9% receiving advice from Skillset) compared to 29% in 2008 (with 12% receiving advice from Skillset).⁴⁸ It is unclear whether the problem is a lack of good quality information or a lack of engagement and/or communicating this information to potential entrants. It is worth noting that in 2008 Skillset reaffirmed their commitment to improving industry information for new entrants and specifically, stressing the wide range of job roles on offer (and not just the obvious few roles), e.g. through the Skillset Careers online service www.skillset.org/careers.⁴⁹

Data from Skillset's suite of workforce surveys shows that both women and BAMEs within the workforce are more likely than men and white people, respectively, to have undertaken unpaid work (47% compared with 44% and 50% compared with 45%).⁵⁰

2.5 Retention

A low participation rate for females aged 25-34 hints that losses from the industry are high for women either starting a family or with young children. More generally, with the industry characterised by an oversupply of labour in some sectors, informal and flexible

⁴⁶ Skillset (2009) From Recession to Recovery. Based on a sample of 262 employers. These are all UK figures.

⁴⁷ Skillset (2006) Employers Survey

⁴⁸ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

⁴⁹ Ibid

⁵⁰ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing.

working (informal entry routes and securing jobs⁵¹, use of freelancers⁵² and so on), and technological and consumer tastes driving cross sector and cross industry working - some losses are highly likely. However, in the time of recession – when speed of recovery might be linked closely to the talent available in the work pool – such a finding would be all the more acute.

Of course, employers may respond by choosing to attract skills from other sectors. In the case of generic skills like commercial and business administration this might be beneficial to the industry as a whole. However, for specific technical skills this is not an option. In these cases employers may choose to strengthen an employee's ties with the industry (building loyalty, increasing the opportunity costs of leaving *et cetera*) by presenting a strong career path built around developing skills. Many though remain sceptical. They rather erroneously still believe that training staff means lost productivity in the short term, it requires replacements to cover their duties, and runs the risk that the employee will leave the industry anyway (indeed armed with new skills and qualifications the employee may be more attractive to other sectors).⁵³

New technology, in particular the new digital environment, is also changing the roles of people within Creative Media Industries. Given this context, supporting staff to improve their skills and help them meet the new realities brought about by technology change will be crucial. One such priority will be improving access to high quality but affordable training, for example by continuing to accredit training providers that meet Skillset's required standards.

Finally, it should be stressed that sole traders and freelancers are associated with lower levels of training compared to the permanent workforce.⁵⁴ In addition to difficulties identifying the 'right kinds of courses', the opportunity costs (the lost income) of undertaking training are undoubtedly a factor.

2.6 The Economic Situation

⁵¹ Skillset Creative Media Workforce Survey, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey. Figures exclude photo imaging and publishing.

⁵² Skillset 2009 Employment Census (all creative sub-sectors excluding film production, photo imaging and publishing), secondary analysis of unit lists for feature film productions (80 minutes or longer and minimum budget of £500K) involving UK based crew that were shot during 2006 (film production), and Labour Force Survey April - June 2009.

⁵³ Skillset (2008) Creative Media Workforce Survey, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey.

⁵⁴ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

Skillset research into the effects of the recession reports that more than 4 out of 5 UK Creative Media companies say their business has been affected by the recession in the year to September 2009.⁵⁵ Most reported fewer commissions and budget reductions.⁵⁶ Television companies have reputedly been affected in 2009 by a downturn in advertising revenues and shift to online advertising⁵⁷ while the Creative Media sector overall is struggling with reduced revenue and difficulties in accessing finance.

More will be known following publication of the Skillset 2010 Creative Media Workforce survey. However, it is noticeable that a quarter of companies reported issuing shorter contracts for freelancers and over one third of companies have not renewed some freelance contracts as a result of the recession. Though these results are indicative only due to some of the sample sizes.⁵⁸

Furthermore, the research suggests that smaller businesses have been slightly less affected than larger ones. One hypothesis for this result is a cultural difference between larger companies and small/micro businesses, the latter being driven less by profit and more by a 'passion' for the work.⁵⁹

However, all indices point to growth in the medium term; the National Endowment for Science, Technology and the Arts (NESTA) analysis for 2009-2013 points to growth as businesses take advantage of digital technologies to develop new business models. Indeed, historically, recessions have played a role in triggering new business start-ups. The 1990s dot.com boom and crash resulted in the birth of the blogosphere and new technology-enabled services like eBay and Skype, largely because many 'technological IT wizards' were made redundant and had time to experiment and create. Technology is an important driver of innovation and innovation is a way of life for the Creative Media industries, which show significantly higher values of innovation than other UK enterprises (70% against 55%)⁶⁰.

Such forecasts may be somewhat aspirational: they are clearly based on embracing new technologies and markets using new business models. Furthermore, a key caveat

⁵⁵ Skillset (2009) From Recession to Recovery. Based on a sample of 262 employers

⁵⁶ *ibid*

⁵⁷ *ibid*

⁵⁸ *Ibid*

⁵⁹ *Ibid*

⁶⁰ Includes all Creative Industries including software and reproduction of computer media, DTI Occasional Paper No. 6. Innovation in the UK: Indicators and Insights, July 2006.

is that the right governmental support elements are in place for the most innovative and potentially high growth industries, such as those in the creative economy.⁶¹

2.7 Opportunities and Challenges

The current global economic, technological and social context suggests a number of key opportunities and challenges for the London-based Creative Media industry, including:

- Recovering from the Recession: though the recession is technically over, growth remains perilously weak, with the first quarter of 2010 recording a growth rate (subject to adjustment) of just 0.1% following a final quarter growth rate of 0.4% in 2009. From peak to trough the UK economy shrank by 6.2% overall. Despite this, longer term predictions for the industry are for strong growth based primarily upon opportunities for distributing content (multi-platforms), and the role Creative Media plays in supporting wider sectors of the English economy;
- Retaining talent within the industry: Creative Media Industries in England need to retain highly skilled people. Losses from the industry reduce productivity and act as a disincentive to employers to support training;
- Meeting the demand for skills: technological convergence through growing digitisation is creating an array of approaches and channels for the commercialisation of content, products and services. Increasingly sophisticated knowledge and skills are required to best exploit these opportunities. In response, skills advisory and funding services need to be efficient and avoid the sorts of complexity that hinders employer engagement.⁶² Resources will need to be well targeted, emphasising the need for up-to-date and accurate labour market intelligence;
- Developing new ways of doing business: traditional approaches and supply chain relationships are being replaced by new business models where creative content is conceived, published, distributed, advertised and consumed digitally. A key result of this process has been the fragmentation of markets away from TV, Radio and newspapers affecting, in particular, their advertising revenues. However, key

⁶¹ Ibid p4

⁶² UKCES - Mission to simplify, interview with Chris Humphries Head of UKCES, HR Magazine, August 2008

questions are being asked of the digital technology, not least in developing new approaches to monetising content in the context of threats to intellectual property from piracy and illegal downloading;

- Embracing and building upon user-led innovation: user generated content and other social media sites have shown remarkable growth in recent years. The next phase appears to be the commercial exploitation of these platforms, including improving and professionalising the quality of content;
- Globalisation: while the EU and US will continue to be the industry's main export markets in the short term, new markets within the emerging economies of China, India and Brazil will increasingly be a focus in the longer term. Skills within the industry will need to be geared to meet increased demand for both products and expertise. Similarly, progressive economic integration of national economies will offer opportunities for generating international supply chains, alliances and partnerships. The price paid for this, of course, is the potential for increased domestic competition from foreign organisations across all media and in all formats.

3. Sector Skill Needs

Introduction

This section provides a sector based overview of the priority skills needs, shortages and gaps within the constituent sub-sectors of Creative Media Industries in London. Radio, Television and Publishing alone account for 40% of all London's creative workforce jobs.⁶³ Some of the world's largest Creative Media enterprises, from the BBC to the publisher Harper Collins, have their headquarters in London. In total there are over 56,000 creative industry firms in London with more than 3,400 Radio and Television companies, more than 2,850 Film and Video companies and in excess of 3,000 publishing companies across the city. The highest concentrations are in Westminster and Camden.⁶⁴

Television

Overview

Television is a major sector within Creative Media Industries in London. An estimated 31,150 people work in Broadcast TV in London.⁶⁵ The BBC is the largest employer and producer of the Public Service Broadcasters (PSBs). Overall, 24% of the TV sector in London works freelance (though figures vary from 49% in Independent Production to 11% in Cable and Satellite TV). The sector also draws on the Facilities and Animation sector for support.⁶⁶ Overall, 39% of the London TV workforce is female and 13% from a BAME background. This rises to 36% of the workforce in Cable and Satellite being women and 14% of BAME origin in Independent Production.⁶⁷

Around two thirds of the TV industry in England (66%) is based in London and the most significant clusters in London are in the West and Centre of the city, with 39% of the total workforce and 54% respectively.

Despite this, a number of factors suggest a growing importance for the TV sector.

These include:

⁶³ GLA Working Paper 40: London's creative workforce: 2009 update

⁶⁴ *Ibid*

⁶⁵ Skillset (2009) Employment Census

⁶⁶ *ibid*

⁶⁷ *ibid*

- Developments in high definition, interactive and online television, together with professionally produced content, which have strengthened the sector in the face of pressure from user-generated content;
- Proliferation of digital TV channels providing an increasing market for the Production sector;
- Regulatory and other commitments to increase output outside of London.

Demand for training by the TV sector workforce across the UK in the three main sub-sectors remained high at more than 50% of respondents but down on the more than 60% of 2005. The most requested training was in software specific to the industry (20%) editing (10% of respondents), production (9%), journalism/presenting (8%), and new digital technology (8%).⁶⁸

Skills Shortages

- A shortage of skills in special effects generation (which is also a problem in the context of the film sub-sector);
- A shortage of leadership and management skills within independent production companies, cited as a training need by 13% of the workforce;⁶⁹
- A shortage in higher level business skills, including management and leadership amongst senior executives (e.g. in securing multi strand funding packages and brand sponsorship for commercial TV projects);
- A shortage in entrepreneurial skills and confidence, both in terms of those employed at various levels within the industry and amongst freelancers, particularly those who may have been forced to take the freelance route as a result of redundancy.⁷⁰

Current Skills Gaps

- Training undertaken focused heavily on meeting compliance and regulatory obligations such as health and safety and child protection. Over half (55%) of the London TV workforce had received some training. This varied from two thirds (64%) of the broadcast TV workforce, to 53% of the cable and satellite workforce and 48% of the independent production workforce. Two thirds (63%) of permanent

⁶⁸ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

⁶⁹ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing.

⁷⁰ Skills Review: A Skills Review for the TV and Radio Sector: A Report for Skillset, Ofcom and BTSR (May 2009)

employees working in the London TV industry had received some training compared to 41% of freelancers.⁷¹

- Individuals in the London TV workforce received 5 days training on average in the year to Summer 2007. Individuals working in independent production received the greatest number of days training on average (5.5 days) compared with an average of 4.9 days for both the cable and satellite and broadcast TV workforce. Freelancers received an average of 3.7 days, compared to the 5.9 days received by employees.⁷²
- In this time individuals in the London TV workforce were most likely to have received training in specific software applications (20%), ethics/safeguarding trust (13%), health & safety (12%), editing (10%), and production (8%).⁷³
- Employers noted a need for higher level technical skills for assistant producers, for example, and broader transferable skills ('T-skills'), particularly in relation to core business and entrepreneurial skills.⁷⁴

Future skills

In terms of identifiable skill needs in the future, the main focus for London's TV sub-sector seems to be:

- Programme innovation;
- Deal structuring;
- Cross-media ownership;
- Protecting and enhancing IP;
- Extended scheduling skills.

The skills will be most needed in commissioning, scheduling, transmission and distribution, followed by production and post production, and lastly concept development. All skills will need to be applied across a variety of output platforms.⁷⁵

⁷¹ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

⁷² Ibid

⁷³ Ibid

⁷⁴ Skills Review: A Skills Review for the TV and Radio Sector: A Report for Skillset, Ofcom and BTRC (May 2009)

⁷⁵ Skillset/UK Film Council (2008) Feature Film Production Workforce Survey

Underpinning these skills areas, high quality management skills will increasingly be in demand, including:

- Asset exploitation and management;
- Risk management;
- Project management;
- Partnership and investor relation management;
- Marketing and promotional management.

Finally, technical expertise will continue to be highly important as digitisation continues to increase the technical content of the Creative Media industry processes, products and services.⁷⁶

⁷⁶ Skills Review: A Skills Review for the TV and Radio Sector: A Report for Skillset, Ofcom and BTSR (May 2009)

Film

Overview

Film, along with Television, is perceived as one of the most glamorous of the Creative Media Industries. Companies such as Working Title, BBC Film, Film 4, Gaumont and the cluster of Film Production facilities in Soho and Teddington and Ealing Studios are world renowned.

The Film sector in London enjoys relatively strong levels of workforce diversity: 44% of the Film Production workforce is female.⁷⁷ This despite the reportedly long hours and intensive culture associated with film (66% of the sector's workforce in London reporting that they worked more than 11 hours a day⁷⁸). The sector has a 7% representation of BAME groups across the London Film sector (7% in Film Production and 10% in Film Distribution).⁷⁹ Around 3% of the London Film Production sector is disabled and 47% of the London workforce is under 35 years of age.⁸⁰

Despite the recession across the sector in 2009, inward investment was at an all time high, while cinema-going remained buoyant.⁸¹

The nature of the Film Production sector raises concerns surrounding retention. The Film Production sector in London is typical of the sector as a whole with high levels of freelancing (73%⁸²). 85% of the surveyed London Film Sector workforce stated that they had received no training over the previous year.⁸³

Skills gaps and shortages

Data from the Skillset/UK Film Council Feature Film Production Workforce Survey 2008 revealed that first aid/health & safety was the most frequently undertaken training in the London Film Production sub-sector. It had been received by 15% of the workforce

⁷⁷ Skillset/UK Film Council (2008) Feature Film Production Workforce Survey

⁷⁸ Although it might be surmised that the long hours are worked for blocks of time associated with film shoots, rather than on an ongoing basis.

⁷⁹ Skillset (2009) Employment Census, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey

⁸⁰ Skillset (2008) Creative Media Workforce Survey, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey.

⁸¹ Skillset (2009) From Recession to Recovery. Based on a survey of 262 employers

⁸² Skillset (2009) Employment Census, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey.

⁸³ Ibid

undertaking training in the last 12 months. Art/design stood at 19%, finance/business/marketing/management at 11%, with development/script at 10%. Overall, freelancers tended to undertake less training than those permanently employed, though much of this finding can be put down to regulatory/compliance and business administration training being mainly undertaken by permanent workers.

Of the London Film Production sector, 53% stated they needed training in the future. Of these, 19% mentioned they were looking to up-skill on core business skills (including finance, management and leadership, and marketing). Interestingly, the percentage of freelancers requesting training in core business skills, including management and leadership, was much higher than the percentage that had recently received training in this area. Some 17% required training in art/design, 14% in camera, 14% in general computer/administration skills and 13% in legal skills.⁸⁴

Further research on skills gaps and shortages has revealed that current generic skill needs in the context of the Film sector included:⁸⁵

- Negotiation and diplomacy (with colleagues and customers);
- Management and leadership (for example, team motivation and conflict resolution);
- Commercial skills (commercial acumen, knowledge of the firm's value chain, finance for non-finance managers).

Respondents also anticipated future skills needs and issues in the following areas:⁸⁶

- An expected shortage of production accountants due to low pay relative to other sectors;
- Development executives and producers with insight and commercial acumen;
- Location managers with up-to-date knowledge of legal developments;
- Information Management (including market analysis) using Information Communications Technologies (ICT);
- Business models for small businesses;
- Film buyers with commercial insight from a marketing or audience perspective;
- Fundraising for small businesses;
- Exploiting new business opportunities (corporate events and lets);

⁸⁴ Skillset (2008) Creative Media Workforce Survey, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey.

⁸⁵ Skillset (2009): Film Sector Employers Skills and Training Needs in Production, Distribution and Exhibition

⁸⁶ *ibid*

It is anticipated that future skill needs within Film will centre on developments in new digital technology.⁸⁷ Specifically, this will require skills in change management and exploiting opportunities such as online and digital sales, as well as dealing with threats such as file sharing. Respondents also noted the following skills issues:

- A need to keep up to date in camera technology;
- Data management (particularly in relation to the logistics of tracking master materials in digital format);
- Health & safety (especially risk assessment by Heads of Department and Producers);
- The future reduced availability of construction and lighting crew (as a result of the Olympic Games in 2012 likely to take up much of this capacity);
- Management level training around new business models.

⁸⁷ *ibid*

Radio

Overview

The Radio industry in London has 39% of the total Radio workforce of the UK, employing a workforce of 6,650.⁸⁸

The Radio industry is characterised by a small number of large Radio groups and a large number of smaller groups and independent stations. The BBC, Global Radio and Bauer dominate the landscape of 'traditional' larger businesses and between them now account for a high proportion of the Radio sector workforce.

Current trends point towards increasing listening through digital platforms, a shift from public service to commercial Radio at national level, and growth of community Radio. The community sector contains a range of non-profit organisations offering Radio services to specific communities on a local level. It includes student Radio, hospital Radio and British Forces Broadcasting Services.

The sector's employment profile in London shows a more diverse workforce than that found in other parts of the Creative Media Sector, with the second highest ratio of female workers (46%) of any sector (though that falls to 36% in the independent sector). 14% of the Radio workforce in London are from a BAME background, still well short of the 25% of the population of London as a whole. Overall, 18% of the workforce is freelance, but substantially more in independent production (77%).⁸⁹

Key developments and trends in the UK Radio market include:

- Falling demand and revenue: average weekly listening hours fell every year between 2003 and 2008, and in total by 9%.⁹⁰ Radio's share of advertising has fallen by more than one-fifth in this period.⁹¹
- Increased competition: across the UK there were 9% more stations in the UK in 2008 than in 2003.⁹²

⁸⁸ Skillset (2008) Creative Media Workforce Survey

⁸⁹ Ibid

⁹⁰ OFCOM (2008) The Communications Market: Radio

⁹¹ Ibid

⁹² OFCOM (2008) The Communications Market: Radio

- Increased use of digital technology: recommendations in the Digital Britain report are for an analogue to digital 'migration' of the majority of Radio services in the UK by 2015.⁹³ 30% of UK households were thought to have DAB Digital Radio in 2008 compared to 2% in 2003.⁹⁴
- Increased demand for multi-platform output and content: a third of adults had listened to Radio online, according to the RAJAR internet and audio services survey carried out in May 2009. This was up from 29% a year earlier and 24% 18 months previous to then.

All this points to future skills demand not only in relation to core roles - like sound and broadcast engineering - but also, increasingly, in relation to digital technology and multi-platform / multi-media content.

Skills Shortages

The evidence indicates that craft skills remain a high priority for the sector, especially in the field of digital content, but also in production, editing and broadcasting. There is a shortage of people who are technically expert but also in possession of strong creative skills and communication skills such as teamwork. Entrepreneurialism, management and general business acumen are still lacking in much of the sector, in particular in having managers who can co-ordinate many functions and understand all of them. Finally, sales and marketing skills are missing at a sufficiently high level across much of the sector.⁹⁵

Skills Gaps

Nearly two thirds (63%) of London's Radio sector employers were found to carry out some form of training or development for permanent employees.⁹⁶ The figure was lower (41%) for freelancers. The most common mode of training for freelancers delivered by Radio employers is through in-house training sessions carried out by another member of staff (96%). Structured support on the job by another member of staff is also a common method of training freelancers (87%).⁹⁷

⁹³ OFCOM (2008) The Communications Market: Radio

⁹⁴ OFCOM (2008) The Communications Market: Radio

⁹⁵ Skills Review: A Skills Review for the TV and Radio Sector: A Report for Skillset, Ofcom and BTSR (May 2009)

⁹⁶ Skillset (2006) Employers Survey

⁹⁷ Ibid

Overall, 51% of the UK Radio workforce are thought to have unmet training needs.⁹⁸ Eight in ten (79%) Radio employers offer work experience or work placement posts to potential new entrants, which is larger than the proportion of Creative Media employers as a whole who do this (67%). Almost half (48%) of Radio employers said that they were prevented from undertaking training/development more often. Of this group, the main reasons given for the problems faced with training was that it is too costly (78%) and that they do not have enough time (51%).⁹⁹

⁹⁸ Skillset (2008) Creative Media Workforce Survey; Skillset (2009) Current and Future Skill Needs in the UK Television and Radio Industry

⁹⁹ Skillset (2006) Employers Survey

Animation

Overview

The Animation sector in London has a comparatively small share of total UK employment in Animation at 20%. The Animation sector in London employs around 900 people, of which 47% are freelance, 31% female and only 5% from a BAME background.¹⁰⁰

Animation underpins many other sectors of the Creative Media industries, providing visual effects for post production, animated films and Television. However, the sector's reliance on other Creative Media industries, such as Television, means it is susceptible to changes in those industries. Furthermore, the UK sector is seeing competition from low cost but increasingly high quality producing international competitors from countries such as Malaysia and from tax-friendly regimes in other countries.¹⁰¹

Skills Needs

Growth in computer generated Animation has opened up new markets but not adversely affected traditional techniques such as stop frame Animation. However, falling advertising revenues for children's programmes – linked to new restrictions on advertising to children - have seen a reduced number of broadcasting commissions for Animation.¹⁰² Indeed, Animation productions made in the UK have more than halved in the last five years.¹⁰³

This is giving rise to demands for a highly skilled but flexible workforce able to adapt to the growing market for online content. Increased outsourcing is also likely to reduce the demand for animators and increase the demand for pre-production artists. The need for technical skills such as software development and core business skills such as client liaison (e.g. working with clients to develop briefs), financial management and marketing is also likely to continue to grow, especially as television commissions for higher cost productions are being constrained by ever tighter budgets.¹⁰⁴

¹⁰⁰ Skillset (2009) Employment Census

¹⁰¹ <http://news.bbc.co.uk/1/hi/entertainment/8225954.stm>

¹⁰² Ofcom and PACT

¹⁰³ <http://news.bbc.co.uk/1/hi/entertainment/8225954.stm>

¹⁰⁴ <http://www.otakunews.com/article.php?story=1548>

Skill Shortages

There is some indicative evidence of recruitment difficulties (though not necessarily skill shortages) in respect of producer roles, and at assistant producer level as with Television and Radio.¹⁰⁵

Skills Gaps

According to the UK data, more than seven in ten individuals (71%) stated they need training.¹⁰⁶ Some 47% of the sector had received training in the last year, with 37 days training per head received. This is nearly twice as much training per head as the next sector and indicates what a resource intense industry Animation is. More than 50% of training fees were paid by the employer and 99% of those trained found the training of direct benefit. Over 65% of those employed in the sector are seeking training in areas identified as needed by the sector (see under skills needs above). The major barrier to training is the cost involved.¹⁰⁷

¹⁰⁵ Skillset (2009): Film Sector Employers Skills and Training Needs in Production, Distribution and Exhibition

¹⁰⁶ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

¹⁰⁷ Ibid

Content for Computer Games

Overview

The sector in London employs 1,350 people with 6% being freelance, 5% female and a statistically insignificant number of people from a BAME background. The London workforce represents 19% of the total UK workforce of this sector. Historically, the workforce has also tended to be relatively young.¹⁰⁸

Increasing competition from (often subsidised) international competitors, together with the increasingly low cost of entry, places significant pressure on the sub-sector. At the UK level a lack of global scale publishers, limited access to finance, and skill shortages have been identified as key barriers to sectoral growth.¹⁰⁹ However, the recent Budget 2010 announcement on tax breaks for this sector will have come as welcome news to employers in the sector.¹¹⁰

Skills Needs

Competitive companies in this sector will be seeking to recruit and/or develop a mix of very high level skills in programming and computer science with more creative skills in games art and Animation. Commercial skills, particularly in relation to negotiation, intellectual property, and online distribution, are also in demand, together with more traditional business skills including management and leadership (such as those associated with managing technical teams). NESTA also notes that there are currently too few indigenous UK publishers of global scale and see this as an area for future focus.¹¹¹

Skills Shortages

The proportion of UK developers who are graduates is slowly increasing. However, only 18% of games specific graduates in 2007 succeeded in gaining jobs in the industry. The quality of undergraduate programmes seems to be key: graduates from courses accredited by Skillset are nearly three times more likely to get a job in the

¹⁰⁸ Skillset (2009) Employment Census and Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

¹⁰⁹ Skillset (2008) Creative Media Workforce Survey and Nesta 2008 *Raise the Game: The competitiveness of the UK's games development sector and the impact of governmental support in other countries*

¹¹⁰ http://www.hm-treasury.gov.uk/d/budget2010_complete.pdf

¹¹¹ *ibid*

Content for Computer Games sector than those from a non-accredited course.¹¹² UK games companies also recruit graduates with generalist degrees, favouring computer science, maths, visual arts and general science courses. However, the predicted gradual decline in UK games development staff numbers over the next five years is expected to reduce the intensity of the skills shortage.

Skills Gaps

Three fifths (59%) of the Content for Computer Games workforce had received some training, compared with 65% of the wider Creative Media workforce.

Those in Content for Computer Games received fewer days training on average between 2007 and 2008 than was the case between 2004 and 2005 (8.2 days compared with 12.4 days).

The Content for Computer Games workforce were most likely to have received training in business skills (including management and leadership) (32%), management/leadership (30%), IT (24%), On-line/web design/Interactive Content Design/electronic games (15%) and specific software applications (14%).¹¹³

The attraction of high wages and more stable / better financed companies has led to some 'brain drain' to North America, particularly in relation to senior developers and managers. However, London has also benefited from immigration, particularly from eastern Europe.¹¹⁴

¹¹² Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing and Nesta 2008 *Raise the Game: The competitiveness of the UK's games development sector and the impact of governmental support in other countries*.

¹¹³ Skillset (2009) Employment Census

¹¹⁴ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing and Nesta 2008 *Raise the Game: The competitiveness of the UK's games development sector and the impact of governmental support in other countries*

Facilities

Overview

London's production facilities are some of the best in the world. Studios such as Teddington and Ealing offer first class production opportunities. Outside broadcast is focused on the BBC's output and capacity in west London but Soho contains many visual effects specialists.

The Facilities sector provides specialised technical equipment and services to every other Audio Visual sector. Key roles include post production, studio and equipment hire, outside broadcast, visual effects, special physical effects, manufacture of equipment, processing laboratories and other services for film and television. Overall, London has a workforce of around 23,900 people.¹¹⁵ 24% of these work as freelancers (rising to 40% in studio and equipment hire) and the Facilities workforce in London has just 24% female representation. There is also 8% representation from BAME groups overall.¹¹⁶

In practice, the sector is strongly London-centric. Some 80% of post production workforce, 92% of Visual FX, and around 45% of studio and equipment hire and other services for film and televisions are located in London. This geographic concentration is hardly surprising given that the supportive role of the sector means that Facilities companies will cluster around the main markets they serve.¹¹⁷

Skills Shortages

Skillset has identified through its research the following skills shortages.¹¹⁸

- Graduate new entrants in the visual effects sub-sector lacked basic computer, visual effects and specific software skills, people skills / team working skills and a lack of basic understanding of techniques, processes and the industry as a whole;

¹¹⁵ Skillset (2009) Employment Census

¹¹⁶ Ibid

¹¹⁷ Ibid

¹¹⁸ Review of the First Post scheme revealed a strongly positive response from those with some involvement. However, concern has been raised about the extent to which the scheme was been promoted, particularly amongst the freelance workforce. See also Skillset (2008) Creative Media Workforce Survey

- Companies experienced severe difficulties in recruiting for engineering roles within Post Production (“*There are more lucrative areas than broadcasting for engineers to work in*”);¹¹⁹

Skills Gaps

The UK wide review of the First Post¹²⁰ scheme revealed:

- Skills shortages in the Visual Effects sub-sector workforce in relation to project management, people management, and basic administration;
- A growing fear that the industry doesn’t have a sufficient culture of skills development in the area of leadership and management: many managers start out as ‘runners’ and progress from there without having formal management training. However, there was also a level of distrust of management – many associating it mainly with cost-cutting.

¹¹⁹ Skillset Review of First Post scheme

¹²⁰ a structured new entrant training scheme piloted first in London

Interactive Content Design

Overview

Interactive Content Design covers a range of specialist companies and jobs including online (e.g. mobile internet, networking sites) and offline (e.g. mobile phone audio) content and technology, interactive television and others. The sector fulfils a key support function in the wider Creative Media industry as well as other industries. This role clouds measurement of the sector's output and importance - as Skillset notes: Interactive Content Design is becoming more of a discipline than a sector.¹²¹

About 6,800 people work in the Interactive Content Design sector in London.¹²² This represents 20% of the UK total, a relatively small share compared to other Creative Media Industries. The overwhelming number of jobs in the sector (more than 94%) are in 'online content'. In terms of employment profile, the sector has 31% of the workforce working as freelancers, with only 11% of the total employed being women and 11% coming from a BAME background.¹²³

Like the Content for Computer Games sector, the Interactive Content Design sector's workforce is highly educated. Nearly everyone (97%) has an undergraduate or postgraduate degree or diploma (the highest amongst all Creative Media Industries).¹²⁴

Skills Needs

Despite the recession, medium term forecasts are for an ever-increasing demand for online and offline output. This will be driven by, amongst other things, continuing falls in the real price of software, widening access to cheap broadband and 360 degree commissioning models – where content is commissioned for dissemination across more than one platform.¹²⁵ In the future it is anticipated that technical software, website design, and project management skills will be most needed.¹²⁶

Skills Shortages

Employers report shortages in entrants with the appropriate combinations of 'hybrid' skills – a mix of specialist skills (e.g. graphic design), and core generic skills (e.g.

¹²¹ <http://www.skillset.org/interactive/industry/>

¹²² Skillset (2009) Employment Census

¹²³ Ibid

¹²⁴ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

¹²⁵ Ibid

¹²⁶ Ibid

business/commercial acumen) with cross-sector awareness (the ability to provide services to clients from other sectors of the wider economy).¹²⁷

Skills Gaps

These findings seem to be mirrored within organisations. UK Interactive Content Design employers state that the most common skills gaps appear to be either in industry-specific 'transient' areas (such as specific software skills that continually need to be updated to keep up with developments) or in higher-level business management and general understanding of the relevant sector.¹²⁸

Around two thirds of the Interactive Content Design workforce had received some training over a twelve month period between 2007 and 2008.¹²⁹ Over 50% identified training needs¹³⁰, while 14% of the wider workforce in the Broadcast, Facilities, Animation, Interactive Content Design and Content for Computer Games sectors stated a need for training in online, web design, interactive media and computer games.¹³¹

Data suggest that within the web and internet sub-sector the most common areas of training received are specific software applications (20%) and on-line/web design/Interactive Content Design/electronic games (9%). In other sub-sectors as a whole, 25% of those trained in 2007/08 received training in specific software applications. Regulatory/compliance training in ethics/safeguarding (13%) and health and safety (12%) was also relatively common.¹³²

Over half (55%) of the Interactive Content Design workforce in the UK cited a training need in 2007/08, which was lower than in 2004/05 (70%). The most commonly cited training was specific software applications (19%), followed by on-line/web design/Interactive Content Design/electronic games (14%), and digital skills (10%).¹³³

Training costs and time available were identified as the main barriers to taking training.¹³⁴

¹²⁷ http://www.skillset.org/interactive/industry/article_6921_1.asp

¹²⁸ Skillset 2009 Interactive Content Design Sector Profile

¹²⁹ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

¹³⁰ Ibid

¹³¹ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

¹³² Ibid

¹³³ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing

¹³⁴ Ibid

Photo Imaging

Overview

The Photo Imaging sector encompasses four main sub-sectors: Photographers; Image Producers and Photo Retailers; Picture Libraries and Agencies, and Manufacturing and Support services. Currently 8,000 people are thought to work in the sector across London, 17% of the UK total.¹³⁵ Some 59% of the workforce are freelance.¹³⁶

Skills Shortages

The small size of most Photo Imaging businesses means that recruitment to the sector is harder to gauge. One survey showed that only 5% of businesses interviewed stated that they had recruited over the previous 12 months. Moreover, few of these businesses anticipated a change in the number of staff their business employed in the following two years.¹³⁷ Against this background it is difficult to draw conclusions on the skills needed of new entrants.

Skills Gaps

Across the industry as a whole in the UK, the most significant specialist skills gaps continue to be around the use of digital technology, knowledge of digital workflow and management of digital assets.¹³⁸ In meeting these skills gaps the sector is likely to draw heavily upon informal approaches to training, including on-the-job mentoring and in-house training.¹³⁹

The Skillset 2007 Photo Imaging Workforce Survey did, however, reveal that 26% of the UK workforce had received training in the last 12 months in relation to 'customer service and other retail' and 'exhibition, display and large format'. 'Specialist software' (23%), 'business skills including management and leadership' (21%) and 'marketing' (18%) were also identified.

The same Survey also revealed that 57% of the workforce had identified a future training need. Some 25% cited as a reason for training that they wanted to keep up with the field and improve their effectiveness at work. Of those who identified a future

¹³⁵ . Labour Force Survey Apr-June 2009

¹³⁶ Ibid

¹³⁷ Skillset (2009) From Recession to Recovery. Based on a sample of 262 employers.

¹³⁸ Ibid

¹³⁹ Ibid

training need, 47% stated a need for 'specialist software training'. The next most frequently identified were 'marketing skills' (17%) and 'business skills including management and leadership' (14%).¹⁴⁰

¹⁴⁰ Skillset (2007) Photo Imaging Workforce Survey

Publishing

Overview

London has always been the centre of the UK's newspaper publishing industry. The so-called 'street of shame' may have dissipated so that the major national newspapers are now to be found north in Kings Cross and east in Wapping, but London is the nation's hub for news gathering, reporting and publishing. Even more than newspapers, periodical publishing is centred on London with hundreds of magazines offering specialist information on every possible subject. Some of the world's biggest magazine publishers are based in London, such as IPC, Guardian Media Group, Haymarket and parts of Conde Naste.

The Publishing sector includes book and newspaper publishing, journals and periodicals, news agencies, publishing of directories and mailing lists, and other services and activities. There are 52,000 people employed throughout Publishing in London (30% of the total UK workforce) of whom 7,000 work in Newspaper Publishing, 20,000 in Journals and Periodical Publishing, 10,000 in Book Publishing and 10,000 in other Publishing. Some 7% are freelance, 49% female and 12% from a BAME background.¹⁴¹

The majority of establishments in the sector are small with 85% having 24 employees or fewer and 95% fewer than 100, similar to the size distribution for all industries in London. There are only 204 employers (124 in newspaper Publishing alone) who employ more than 200 employees.¹⁴²

Across London, the Magazine and Newspaper Publishing sub-sectors have undergone major structural changes. This has been driven by both the recession and a longer term movement away from the traditional advertising revenue model to more online content.¹⁴³ This process is set to speed up over the next decade and will revolutionise the sub-sectors, making it harder to generate revenue from content alone and emphasising the need for a multi-platform and diverse approach to delivery, marketing and promotion.

¹⁴¹ Labour Force Survey April - June 2009.

¹⁴² National Employers Skills Survey 2005, The Learning and Skills Council in partnership with the Department for Education and Skills and the Sector Skills Development Agency, London

¹⁴³ Skillset (2009) From Recession to Recovery. Based on a sample of 262 employers

The result has been fewer titles and jobs – particularly freelance - and the loss of some functions such as sub-editing.¹⁴⁴ The migration to online content is, however, being hindered by a number of commercial challenges, including how to monetise online content, ownership of content issues, and inertia amongst some socio-economic groups to access content online.¹⁴⁵ Elsewhere, while the volume of book sales have held firm the overall value of sales has fallen.¹⁴⁶

Skills Shortages

In terms of new entrants, evidence points to skill shortages in relation to:¹⁴⁷

- Technical skills – in particular the ability to meet industry standards requirements;
- Strategic skills linked to maximising opportunities from the e-Publishing business;
- Developing and implementing innovative, creative marketing using new technology;
- Multi-media journalism skills;
- Core business skills, including management and leadership (since Publishing sector companies tend to be editorially-driven);
- Understanding the impact of change on intellectual property rights.

Skill Gaps

Around 12% of establishments report skills gaps.¹⁴⁸ Similarly, for incumbent staff the available evidence points to skills gaps relating to:¹⁴⁹

- Team working skills;
- Technical skills, including web editing;
- Marketing (especially innovative e-marketing);
- Transferable skills, such as business skills (including management and leadership) and ICT;

¹⁴⁴ *ibid*

¹⁴⁵ Deloitte Media Predictions 2009

¹⁴⁶ Skillset (2009) *From Recession to Recovery*. Based on a sample of 262 employers. Based on a survey of 262 employers.

¹⁴⁷ *ibid*

¹⁴⁸ National Employers Skills Survey 2005, The Learning and Skills Council in partnership with the Department for Education and Skills and the Sector Skills Development Agency, London

¹⁴⁹ *ibid*

- Innovation and creativity;
- Customer handling skills.



3.4 Skills Supply

A proper mapping of skills supply and the training and development infrastructure to meet needs is being undertaken by Skillset in 2010 and this work will enable a more rigorous analysis of the skills supply situation concerning Creative Media Industries in London, each nation and throughout the UK. There are gaps in existing information sources including consistent information about specific courses – particularly for short courses; quality and sector relevance of courses available; skills developed and specific content of some courses; value to learners, and tracking outcomes and impacts

A majority of information sources lack clear information at very basic levels – for instance, a majority lack detailed information on attainment, completion, demography, student numbers and whole industry coverage. In some cases the information is not readily available to those needing it. As such there is a clear need for a consistent assessment and analysis of information sources firstly on education and training provision relevant to the Creative Media sector, and secondly on progression and student views. Skillset will report on information available at the end of the year.

3.4.1 Skills Supply: the Education System

The industry as a whole is characterised by high levels of level 4 and above qualifications. 71% of London's Creative Media workforce have degrees, 41% are media related subjects.¹⁵⁰ This compares with just 27.3% of adults between 16 and 64 who held level 4 qualifications or above across the whole UK workforce in 2007.¹⁵¹

There are 13,000 media programmes at Further and Higher Education levels serving an estimated 50,000 students.¹⁵² Although this provides valuable skills into the wider community, in terms of the Creative Media industries, too many courses produce

¹⁵⁰ Skillset (2008) Creative Media Workforce Survey, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey, LFS 2005 (Publishing total employed) and LFS Apr-Jun 2009 (Publishing permanent/freelance)

¹⁵¹ Annual Population Survey, (2009) NOMIS. Residents aged 16-Retirement

¹⁵² http://www.universitiesuk.ac.uk/Publications/Documents/Facts_creative%20sector09.pdf

graduates with insufficient specialisms to meet employer needs. Quite why the design of these courses is so far removed from what the industry needs is a matter of some concern. Skillset's Media Academies certainly put an emphasis on industry-facing courses.¹⁵³

Employers are also clearly keen on Skillset backed courses that have succeeded a rigorous industry informed process to identify provision that best meet industry needs. This includes the Skillset Academies and the Skillset accreditation of degree programmes. Foundation degrees have also proved to be a success in enabling better access to careers due largely to the work placement element of the course. This helps foundation degree takers to gain a foothold in the industry and build up much-needed social capital at an early stage in their careers.

In the school system there are significant issues with careers advice. Students generally are not receiving high quality advice to help them understand the opportunities across the digital sectors and make appropriate subject choices. Too many careers' advisors have only a limited knowledge of how to advise students interested in a career in the Creative Media industries. The degree of network capital required to enter many of the professions is also a handicap. The online site Skillset Careers¹⁵⁴ has been established to help rectify the gap of relevant careers information, advice and guidance for the Creative Media industries.

3.4.2 Skills Supply: Workforce Development

This report already highlights the fact that the Creative Media workforce in London is very highly qualified. Data from Skillset's 2008 Creative Media Workforce Survey confirms that some 56% of those working in London had received training in the past 12 months. Moreover some 71% of the London Creative Media workforce are graduates.

Of those workers in the London Creative Media workforce that undertook training of some kind, 13% had undertaken Health and Safety related training, while other notable categories included Specific Software Application training (20%), and Ethics (10%).

Those responding to the 2008 Workforce Survey were also able to point to a number of barriers to undertaking training. The reasons were varied, but the main ones included:

¹⁵³ See <http://www.skillset.org/training/san/>

¹⁵⁴ www.skillset.org/careers.

- Fees being too high (cited by 43%);
- Employers unwilling to pay (cited by 28%).
- Lack of available information on training (cited by 26%);
- Lack of available courses/training in their region (cited by 22%);
- Training held in inconvenient places (cited by 20%);¹⁵⁵

What is most notable about London is the large number of people (almost twice the whole of England average) who find the cost of training too high.

The survey also suggested the types of future training required by the Creative Media workforce. Again, requirements were spread over a wide range of topics but the most popular courses cited were Specific Software Applications (14%), Editing (12%) and Production (11%).

3.4.3 Skills Supply: Diversity

A particular issue in terms of skills supply into the Creative Media industries is the changing profile in terms of women and BAME representation (see Table 4), which has fallen sharply in recent years in some sub-sectors, along with an increase in people leaving the industries in their thirties and forties¹⁵⁶.

There is considerable variation across the London Creative Media Industry. Some, such as Radio, Film and Publishing have female representation above 40%. However for the Content for Computer Games industry the story is nothing short of shocking. Moreover no Creative Media sector performs very creditably when it comes to representing people from BAME backgrounds who make up a quarter of London's working age population.

¹⁵⁵ Survey respondents were able to select multiple barrier options.

¹⁵⁶ Skillset (2008) Creative Media Workforce Survey, Skillset (2006) Balancing Children and Work in the Audio Visual Industries; Skillset (2005) Survey of the Audio Visual Industries' Workforce; Skillset (2003) Workforce Survey.

Table 4: Diversity in London by Sector and by Sub-Sector

Sector	% women	% BAME
Television	39	24
Terrestrial TV	48	13
Cable & Satellite Television	36	12
Independent Production (TV)	34	14
Radio	46	14
Broadcast Radio	47	16
Independent Production (Radio)	36	5
Other Content Creation	21	7
Commercials Production and Pop Promos	23	9
Corporate production	19	4
Animation	31	5
Archives & Libraries	17	8
Interactive Content Design	11	11
Online Content	11	11
Offline Multimedia	11	0
Mobile Content	0	0
Other Interactive Content Design	18	0

Sector	% women	% BAME
Facilities	24	8
Post Production	10	6
Special Physical Effects	27	12
Studio & Equipment Hire	22	14
Manufacture of AV Equipment	0	0
Other Services for Film and Television	38	8
Processing laboratories	0	0
Outside broadcast	0	0
Visual FX	20	9
Film	44	7
Cinema Exhibition (UK figure)	43	4
Film Distribution	43	10
Film Production	44	7
Publishing	49	12
Photo Imaging		n/a
Content for Computer Games	5	0
Games Development	17	1
Games Publishing	3	0
Games Development Support	0	0

Source: Skillset 2009 Employment Census (all creative sub-sectors excluding film production, photo imaging, publishing and performers), secondary analysis of unit lists for feature film productions (80 minutes or longer and minimum budget of £500K) involving UK based crew that were shot during 2006 (film production), and Labour Force Survey April - June 2009. Cinema exhibition data are not available to a London level.

The range of disabled people employed varies from sector to sector as well . Overall 5% of the London workforce is disabled with a high of 5% in Photo Imaging being

disabled and a low of 3% in Film Production.¹⁵⁷ This compares with a national average of 9% disabled in the workforce across the whole economy.¹⁵⁸

Age is also an issue of some concern to the sector, mainly because in some sub-sectors so many people are comparatively youthful – take Cable and Satellite Television for example, where more than 41% are under 35 with 5% aged 16-24; in some, there is a predominance of older more experienced people who will reach retirement age in the next decade or two – see for example Transmission, where over 87% are over 35 and 50% aged 35-49, or Outside Broadcast where 74% are over 35, or Archiving and Library work where 73% are over 35.¹⁵⁹

¹⁵⁷ Skillset (2008) Creative Media Workforce Survey, Skillset/UK Film Council (2007) Feature Film Production Workforce Survey 2008, Skillset (2007) Photo Imaging Workforce Survey and LFS Apr-Jun 2009.

¹⁵⁸ http://www.shaw-trust.org.uk/disability_and_employment_statistics

¹⁵⁹ Skillset (2008) Creative Media Workforce Survey, Skillset/UK Film Council (2007) Feature Film Production Workforce Survey 2008, Skillset (2007) Photo Imaging Workforce Survey and LFS Apr-Jun 2009.

4. Anticipating What Lies Ahead

4.1 Growth continues as does freelance fragility

Pre-recession forecasts suggested that the UK entertainment and media market would grow by 5.8% compound annual growth rate for the five years to 2012, to reach \$152 billion, some \$50 billion of which will go to London.¹⁶⁰ Since then, the Creative Media industries have been subject to significant challenges as set out earlier in this report. We cannot yet know how London's Creative Media industries are responding to the general very gentle economic recovery. Nevertheless, the vigorous economic growth shown for the sector after its recovery from the previous recession, particularly from 2006 onwards, suggests that London's Creative Media sector will continue to grow and thrive.

Given the recent turbulence, it is difficult to source reliable future estimates of industry spend and employment forecasts. In early 2009, NESTA released a forecast that, between 2009 and 2013, the UK Creative industries, including Creative Media, would grow on average at 4%, more than double the rate of the rest of the economy, and, by 2013, would employ 1.3 million people. This is a similar trend rate of growth as for the period 1997 – 2006. In this forecast, the Creative industries are expected to contribute £85 billion to UK GVA in 2013, up from £57 billion in 2006. Globally, the creative industries grew by 8.7% between 1998 and 2005 and that growth rate is expected to continue once the recovery kicks in.¹⁶¹

London, however, is expected to recover more quickly than other parts of the UK economy due to the density of its knowledge based industries including Creative Media Industries.¹⁶² This optimistic medium-term outlook is primarily due to the opportunities for innovation as increasing numbers of creative businesses take advantage of digital technologies to develop new business models, for example the digital distribution model which has been exemplified by the success of 'iTunes'¹⁶³.

¹⁶⁰ Global Media & Entertainment Outlook 2008-2012, PWC UK 2008.

¹⁶¹ <http://www.unctad.org/Templates/webflyer.asp?docid=9467&intItemID=1634&lang=1>

¹⁶² A Lasting Legacy: How can London fully exploit the opportunities created by the Olympic Games in the recovery and to 2030? The Work Foundation 2010

¹⁶³ 'UK creative industry to drive significant growth to UK economy', Press release, NESTA 19/02/2009.

Major events such as the Olympics of 2008, the US Presidential election of 2008, and the UK General Election of 2010 saw increased use of most media but the major rise was in the use of digital media. It was also the case that on these occasions television dominated in terms of viewing figures and revenue¹⁶⁴, both trends are set to increase with major events in the short-medium term such as the London Olympics.

An assessment of the impact of the Olympics on creative industries has argued. "...analysis suggests that the Olympics is likely to have a limited impact on creative industries in overall volume terms. There may be some additional employment in sectors such as software consultancy and supply, architecture, advertising, photographic activities, Radio and TV, and news agency activities in the build up to the games and during the hosting of the event. In addition the venues could have uses in the creative sectors (eg creative arts), but any legacy impact is likely to be modest unless businesses can use the experience of the Olympics to sell their expertise and services internationally. The five boroughs, which have seen faster employment growth in the creative industries than the London average over the last decade, may wish to capitalize upon these opportunities."¹⁶⁵

To meet this heightened demand in terms of quantity (i.e. the amount across the range of platforms) and crucially in terms of the quality of and sophistication of content, our digital media industry needs the associated skills. This requires investment.

Many analysts predict that traditional incumbent companies will remain dominant, sometimes through acquiring companies with a strong digital presence¹⁶⁶. The opportunities presented by developing technology may be beyond the scope of almost all single companies, even large established multinationals or conglomerates. Alliances and partnerships will therefore be formed for opportunities to be realised, commonly with technology companies, and sometimes with companies that will be competitors in other markets.

With the number of people employed in the Creative Media industries having recently declined¹⁶⁷, and the fact that people are likely to become freelance when faced with

¹⁶⁴ Media Predictions, TMT Trends, Deloitte 2009.

¹⁶⁵ A Lasting Legacy: How can London fully exploit the opportunities created by the Olympic Games in the recovery and to 2030? The Work Foundation 2010 p48

¹⁶⁶ Strategic Plan 2008-2011, Skillset.

¹⁶⁷ Skillset (2009) Employment Census. LFS April-June 2009

redundancy or the threat of redundancy¹⁶⁸, the highly skilled freelance labour pool is likely to increase, resulting in increasing pressure on already limited funds from both the state and employers for investing in freelancers' skills and development. The upside is that there is a considerable pool of available and skilled labour for employers to draw upon as new opportunities present themselves.

However, another consequence of the present economic climate is that it is becoming increasingly difficult for individuals to secure mortgages and other types of credit without a permanent employment contract. As a result, some individuals may be likely to leave the sector entirely, taking their skills and talent with them. There is a significant danger of losing a highly skilled and experienced cohort of the workforce in whose development there has been significant investment.

4.2 A necessary broadening and deepening of the skills base

Across all Creative Media industries, there is recognition of the dramatic changes brought about by the digital environment and the need to upskill to make the most of it. The following are of particular importance¹⁶⁹:

- Multi-skilling: an understanding of different technology platforms and their impact on content development and digital work flow, and new approaches to working in cross-functional creative / technical teams within and across companies.
- Multi-platform skills: the creative and technical skills to produce content for distribution across all potential platforms, and the ability to understand and exploit technological advances.
- Management, leadership, business and entrepreneurial skills: especially project management for multi-platform development; the hybrid skills combining effective leadership with innovation, creativity and understanding of technology, and the analytical skills to understand audience interests and translate it into business intelligence.
- IP and monetisation of multi-platform content: understanding of intellectual property legislation to protect from piracy, and exploiting intellectual property internationally to take full advantage of emerging markets - with particular

¹⁶⁸ Skillset (2008) Creative Media Workforce Survey. Figures exclude Film Production, Photo Imaging and Publishing.

¹⁶⁹ Skillset (2008) Creative Media Workforce Survey; A Skills Review for the TV & Radio Sector, Skillset, (2009); Feature Film Production Workforce Survey. Figures exclude Photo Imaging and Publishing.

focus on the ability to deal with the problem of illegal downloading and copyright infringement.

- Broadcast engineering: continuing to be an area of skills shortage.
- Archiving: archiving of digital content being an area which is attracting increased attention as a challenging issue for the future.
- Sales and marketing: being particularly important in commercial Radio and an emerging need in other sectors.

The breadth and depth of these up-skilling requirements underline the scale of ongoing transformation the sector needs to affect in its skills base. Delivering against those needs requires the sector to have a very clear vision of future success.

5. Geographical Differences in Labour and Skill Needs

Sector Employment Across London

Table 5 Work base of Creative Media Workforce in London¹⁷⁰

Region	% of UK total
All London	35%
	% of London total
East London	8%
West London	29%
North London	2%
South London	6%
Central London	54%

Source: Skillset (2009) Employment Census, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey, Labour Force Survey April-June 2009. Data are not available for cinema exhibition.

In terms of densities across London, Central and West London compete for attention in having the highest numbers of workers in Television. Each sub-region has roughly the same number of Terrestrial Broadcast workers at 50%. West London has 41% of Cable and Satellite workers while Central London has 59%. Whereas two thirds of Independent TV Production is found in Central London, the rest in West London and a creditable 19% in East London. 56% of London's Radio workforce is to be found in Central London with the majority of the rest to be found in the West. The West and Central sub-regions dominate Facilities and most of the other sectors with the exception of Content for Computer Games which is clustered in South London with 89% of the admittedly small London total of 1,350.

Within this breakdown there are some interesting variations by Borough. Radio and Television companies concentrate in Westminster, Camden, Islington and Hammersmith and Fulham. Publishing is concentrated in Westminster, Islington and Camden. While Film Production has strong footholds in Hackney and Kensington and Chelsea as well as Camden, Islington and Westminster.¹⁷¹

¹⁷⁰ Skillset (2009) Employment Census, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey, LFS Apr-Jun 2009.

¹⁷¹ Creative Industries Update 2009, Greater London Authority (GLA)

Overall as might be expected London dominates the geography of Creative Media in England as Table 6 illustrates.

Table 6 London compared to the rest of England

	London	South East excl. London	South West	West Mids	East Mids	Yorks and Humber	The East	North West	North East
TELEVISION	31,200	1,200	1,750	1,000	1,400	1,150	700	4,250	400
RADIO	6,650	1,050	350	750	450	1,200	1,550	3,950	450
FACILITIES	23,900	4,750	4,750	3,000	4,100	6,250	4,350	15,750	1400
FILM	7,200	1,650	600	150	100	800	550	1,400	50
ANIMATION	850	1,650	200	*	*	50	*	600	0
OTHER CONTENT CREATION	3,700	550	1,000	850	200	300	400	250	300
INTERACTIVE CONTENT DESIGN	6,800	5,000	4,250	1,000	900	6,400	500	1,650	200
CONTENT FOR COMPUTER GAMES	1,350	250	50	400	600	200	1,300	2,150	200
PUBLISHING	52,000	25,000	19,000	6,000	9,000	6,000	25,000	16,600	---
PHOTO IMAGING	8,000	9,000	2,000	1,000	2,000	2,000	6,000	6,000	2000
Archives & Libraries	150	50	50	50	*	0	50	50	0

Source: Skillset (2009) Employment Census, Skillset/UK Film Council (2008) Feature Film Production Workforce Survey, Skillset (2007) Photo Imaging Workforce Survey, Labour Force Survey April-June 2009. Data are not available for cinema exhibition.

In recent years, there have been deliberate attempts to stimulate activity outside of London. Ofcom's Public Service Broadcasting Review has provided a foundation from which geographic diversity can be speeded up. The North West has received a major fillip with the moving of so much of the BBC's production capacity to Salford Quays. The North West, with 51,500 workers, thus has the second highest density of Creative

Media workers outside London, with strong positions in Television, Radio, Photo Imaging and Facilities.

6. Actions Needed To Raise Skills and Productivity Across the Creative Media Sector

Whilst the Creative Media sector offers enormous economic and cultural potential to London, it is also fragile, fragmented and poorly supported by the existing Vocational Education and Training (VET) framework. This includes dealing with the impact of digitisation and supporting the development of business skills, particularly in management and leadership.

Compared to other sectors of a similar size and scale there are few larger firms (those that employ more than 250 people) and far more contractors and freelancers. As a consequence of these two factors training and development needs are acute but hard to deliver. Therefore, we urgently need to understand this growing and developing sector better, and tailor the supporting infrastructure to deliver to the sector more effectively and sensitively.

Key Challenges for the Sector

In terms of highly specific skills needs, digitisation is requiring creative content producers to have a wider brief of technical skills capable of translating content across many platforms. In terms of broader skills needs vital to the performance of the sector, general business skills including management and leadership are also urgently required and are particularly important for future business growth.

It is critical to the future of the Creative Media industries in London that the VET infrastructure has a better strategic fit with a predominantly external labour market (ELM) driven sector. There is also an urgent need to narrow the mismatch between graduate skill sets and employer expectations by creating a closer link between HE/FE and employers, actively facilitated by Skillset.

The recommendations that follow below have been framed to help deliver those necessary interventions, in particular the need for:

- More targeted and better government investment in supporting the growth of demand-led professional qualifications and systems of accreditation;
- A more diverse industry that genuinely celebrates all the talents of all the people of London;
- More professional recruitment processes that are based on fairness and accessibility and not just the ability of the favoured few to survive periods of unpaid internship;

- An education system that enables people to join the sector more job-ready and more attuned to the demands of employment;
- Continuing support for public sector trainers such as the BBC and a greater willingness to train from all levels of employer;
- New mechanisms that will enable more people to gain the network capital essential for success in the sector;
- Career information that is clear, accessible and available to all.

Within that intervention frame, our policy recommendations cluster under four core themes – entry level skills development; CPD and professional development; wider fiscal and business support for the sector; and investment in Industry specific research and LMI.

Entry Level Skills Development

1. Launch a Professional Apprenticeship and Internship Programme

Aimed at the Creative Media industries to incentivise employers to recruit and train graduates and grow London's pool of experienced Creative Media professionals. This programme should, for these strategically important sectors, enable graduate entrants to undertake employer-designed Apprenticeships and shorter-term Internships and also provide for flexible training content designed for professional level jobs. It would help remove barriers for SME participation and enable different employers through cross-industry collaboration to operate a pooled approach to internships.

The London Mayor, Boris Johnson, has recently released a Draft Cultural Strategy, within which apprenticeships and on-the-job learning are similarly seen as crucial pathways for young people to enter the Creative Media industries with the required technical skills.

2. Promote the uptake of Apprenticeships and Internships

Urge the film and television industries to provide more equal access to training and skills-based career development through greater use of apprenticeships and graduate internships. Skillset will continue its work on developing codes of conduct for internships and will seek to play a greater role in the coordination of

apprenticeships and on-the-job training.¹⁷² Skillset will also keep developing relevant new offerings, such as the recently launched Advanced Apprenticeship in Creative and Digital Media.

In addition to the London Cultural Strategy, the Mayor has stated his support for apprenticeships and internships in his 2010 Economic Development Strategy for London, and his desire to encourage employers to create more apprenticeship places. The promotion of these avenues to employers in the Creative Media Industries will form an important part of Skillset's work.

3. Industry-recognised HE courses

Continue to support and invest in Skillset's Media and Screen Academy network and accredited courses in their development of fit for purpose Undergraduate and Foundation degree provision, including new delivery models such as Summer Schools and Hot Houses. Skillset's longer term aim here is to re-wire the curriculum through developing new models of undergraduate provision, driven by the full use of digital hubs at key institutions.

Skillset will also work with partners to ensure that they are recruiting new students as widely and imaginatively as possible to attract the brightest and the best and to encourage a truly diverse range of candidates to enter the Industry. As part of those efforts Skillset will help create strong feeder links through from the increasing variety of courses already available for 14 to 19 year olds, including for example the new Diploma qualifications in England and the Welsh Baccalaureate.

4. Relevant, up-to-date Careers Information

The Creative Media Industries need a vibrant, well-skilled recruitment pool to underpin their growth and development. This means that young people must be equipped to leave the education system with the full complement of skills and knowledge that are required by industry and with a clear idea of the progression routes available to them. Skillset will therefore work to secure ongoing investment to a refreshed approach to an online careers and mentoring

¹⁷² For supporting arguments here please see - House of Lords Communications Committee (2010) – 'First Report: The British Film and Television Industries' (www.parliament.the-stationery-office.co.uk)

provision designed to help people get on and get into the Creative Media industries.

More broadly given the transformation in the media ecologies of young people – the sector itself should be reformulating how education and learning is delivered to key workers in the sector through new media platforms.

5. Guidance to promote Work Experience that's fair to all

Publish new guidelines to help galvanise the Industry to do more to tackle the widespread use of unpaid work experience, which while developing skills, discriminates against those who cannot afford to work unpaid.

CPD and Professional Development

6. Launch a 'Digital Professional' Skills Development Fund

As part of a policy decision to accelerate the growth of the knowledge economy, this fund should leverage public funding to trigger increased investment in the development of content skills by employers, and should support high level skills development (graduate and post-graduate level). This would rapidly increase the scale and impact of the UK network of Skillset Screen and Media Academies, and enable greater participation of Higher Education in continuing professional development, while also supporting the development of new short courses and bite-sized online learning to up-skill the existing workforce and re-skill career changers entering digital careers.

It would enable pioneering programmes of creative and technical work-based study to address cross platform content development and the underpinning emerging collaborative processes and models which can be used to inform the development of HE provision and the change in culture required for effective delivery.

This will contribute to one of the fundamental aims of the London Skills & Employment Board's recent Skills and Employment Strategy for London, namely creating a customer-focused skills system. Skillset's Media Academy

Network has begun to address this already through a new range of CPD-level courses under the “Build Your Own MA” banner.

It is vital that the new BIS/SSC Joint Investment Fund for growth sectors of the economy, announced in the Skills White Paper, supports such high level skills needs as well as intermediary needs.

7. Create a ‘Creative Media Industries Institute’

Undertake a feasibility study to explore how effective a formal membership body could be in underpinning the ongoing professionalisation of the sector. The idea here would be to test the feasibility of creating a ‘Creative Media Industries Institute’ which existing practitioners and new entrants could join in the same way that HR and Marketing professionals can join their long established professional bodies. Such an initiative would help with information asymmetries, and enable the industry to co-produce vital facilitating outcomes such as courses, training standards etc. It could be paid for by a mix of modest membership fees, industry levy and government support through the tax system if it was a registered public interest or charitable body.

8. Meet the high level skills needs of the Creative Media Industries

Continue to invest in and grow the wider role that Skillset’s Screen and Media Academies play in offering CPD business support, Postgraduate provision, Incubation schemes and other development activity.

9. Increase the Investment in Training

Endorse the recent recommendations of the House of Lords Communications Committee urging the Government to encourage PSBs to revive their investment in training¹⁷³. Skillset will support and help further develop the central industry training role of the BBC and Channel 4 as public realm actors. In addition the UKFC should continue to see developing the skills and talent of the workforce as key to the health and wealth of the British film industry and continue its investment. These efforts are a good use of public monies for a

¹⁷³ House of Lords Communications Committee (2010) – ‘First Report: The British Film and Television Industries’ (www.parliament.the-stationery-office.co.uk)

sector characterised by an unusually long tail of sole traders and SMEs without the profit margins to sustain large amounts of external training provision.

Fiscal and Business Support

10. Incentivise Employers to address Diversity

Investigate whether a new architecture of fiscal incentives can be created for the larger employers in the sector to employ people from more diverse backgrounds in larger numbers.

11. Better communicate the importance of skills and training

Create a new architecture of engagement for SMEs and sole traders. Skillset and other key agencies will work to create new ways of communicating with the sector through roadshows, social networking sites, twitter, and streamed events.

Invest in Research and LMI

12. Industry Intelligence that can identify skills and training issues

Continue and increase investment in a current evidence base that provides the strategic intelligence to routinely inform;

- the ongoing development and currency of all the other policy recommendations listed above and
- the introduction of other essential interventions yet to be determined based on new evidence.

To this end Skillset will be investing in 2010 in its research capacity by launching a new Creative Media Workforce survey that includes Publishing and Photo Imaging and Film Production freelancers. Data previously collected separately. It will also collect information from Creative Media Employers and from employers in the wider creative industries. Finally it will map and survey training and vocational provision across the footprint of Creative Industries.

Annex A

Official data sources that rely on Standard Industrial and Standard Occupational Classifications are broadly effective for Photo Imaging and Publishing for the purpose of collecting and representing employment and some skills data but less useful for capturing data for the rest of the industry. As noted earlier,

- Key elements of Creative Media Industries sit in broad classifications that include activity outside of Creative Media preventing any discrete and crucial analysis e.g. Interactive Content Design, Content for Computer Games and Facilities.
- Official data sources to a greater or lesser extent systematically exclude the discrete and increasing freelance labour pool required to create and distribute the creative content upon which our digital economy is becoming increasingly reliant.
- In some cases sample sizes are too small to enable discrete analysis of data contained within SIC that do exist, particularly to the 5-digit SIC level.

Creative Media Industries and DCMS with Skillset first reviewed data available for this part of the industry from the ONS and other sources in 1999 and concluded that additional data are required to measure as a priority the size, shape and specific skills demand of Creative Media Industries its constituent sectors and large freelance labour pool to a granular and commonly understood sub-sectoral level, using bespoke methodologies to ensure adequate sample sizes,. In some cases equivalent data cannot be generated eg. GVA and GDP and so these measures exclude contributions from elements not served well by SIC eg Interactive Content Design, Facilities (excl. post production), Content for Computer Games and freelancers.

In some cases, the SIC and SOC systems simply do not provide the level of detail required, as noted above. In other cases within the SIC system, whilst the system itself provides the level of detail required, the sample size of surveys that underpin the key data sources such as the ABI which measures productivity are in fact too small to offer robust detailed analysis. As well as systematically excluding sole traders, as far as business activity goes, little data are available at 5-digit SIC level and for example production and distribution activity cannot be disaggregated.

For more detail on the methodologies adopted please refer to: www.skillset.org.

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