



THE NATIONAL
LOTTERY®



ScreenSkills

WORK FOUNDATION 



ScreenSkills HEVY Trainee Filmmaker trainees at the induction event in Leeds © ScreenSkills

Quarterly ScreenSkills Barometer August 2019

QB3: February 2019 – May 2019

Acknowledgement

In 2018-19 ScreenSkills and the Work Foundation worked together to deliver the Skills Forecasting Service (SFS), using National Lottery funds awarded by the BFI as part of the Future Film Skills programme.

We thank all panel members who participated in this research. Please see the introduction for the list of participants that agreed to be mentioned in the report.

Executive summary

Business activity across the screen industries

- Although the UK economy is subject to ongoing political uncertainty, recent ONS figures paint an optimistic picture of the UK economy and labour market. This picture looks even more positive when only the screen industries are considered, with 38% of Barometer respondents stating that business activity has increased in the last quarter and 47% perceiving it as having remained constant.
- The continued strength of the domestic market, as well as the availability of financial resources, were identified as significant factors supporting growth across the industry.
- However, Brexit, economic uncertainty and the limited availability of skilled workers are identified as major factors hindering growth.

Employment and recruitment challenges

- 41% of respondents felt that the number of workers remained stable over the last three months and 41% of panellists believed the size of the workforce had increased.
- 65% of those surveyed suggested it was difficult to recruit, with respondents highlighting difficulties in filling a wide range of roles. Skills shortages form a serious or very serious problem for 68% of participants who reported recruitment difficulties.
- Panellists identified a number of different causes for skills shortages, most prominently competition from inside the sector and the low number of applicants with the required skills for the roles for which they are recruiting.
- The sector feels the impact of skills shortages in a number of ways, including wage inflation, increased operating costs and their ability to meet deadlines.

Skills gaps

- 59% of respondents are aware of skills gaps among the existing workforce.
- Skills gaps are causing serious or very serious problems according to 55% of the panel.
- Management and leadership skills were most commonly cited as lacking. However, respondents identified a range of other skills gaps such as teamwork skills, creativity and resilience.
- The two most commonly cited causes for skills gaps among the workforce are the inability of employers to recruit staff with the required skills and employees being too inexperienced in their role.

Future outlook

- Despite ongoing economic and political uncertainty, the Barometer survey finds that 41% of respondents are optimistic about the future growth of the screen industries.
- Low exchange rates, new commissions, the increasing number of production shootings and new training opportunities were identified as positive factors affecting the industry in the next quarter.
- Brexit and the availability of skilled workers are expected to have a negative impact on the sector's short-term prospects. The industry's perceived lack of capacity to act on opportunities is another concern for panel members.
- 41% of respondents think that the size of the workforce will increase in the next quarter. Another 41% expect that the numbers will stay the same.

Responding to skills challenges

- Barometer respondents highlight the importance of bursaries, better careers education, advice and guidance, improvements to the quality and relevance of education and vocational training including apprenticeships, and more effective management and leadership training in helping to tackle skills shortages in the industry.

1. Introduction

The Quarterly ScreenSkills Barometer is based on an online survey, undertaken between May and June 2019, targeting organisations that fall within the following subsectors of the UK screen industries: animation, children's TV, film, games, high-end TV, unscripted TV and VFX.

Panel composition

The Barometer aims to collect around 50 responses from industry experts each quarter¹. This time, however, only 34 panellists participated in the research². Figure 1 shows a breakdown of participants per subsector.

Figure 1: Participants in the third Barometer Survey (n = 34)³

| Participants | | | |
|---------------|---|---------------|----|
| Animation | 3 | High-end TV | 13 |
| Children's TV | 3 | Unscripted TV | 0 |
| Film | 9 | VFX | 3 |
| Games | 3 | | |

Please find the list of 25 participating organisations which agreed to be mentioned in the report below (figure 2). The remainder prefer to remain anonymous.

Figure 2: Participants in the Barometer Survey, QB3

| Participants | | |
|-----------------------------|-----------------------------------|-------------------------------------|
| Aardman | ITV | Sister Pictures Limited |
| BBC | Kudos | Studio Lambert |
| Big Light Productions | Lupus Films | The Other Planet |
| BlueBolt | Number 9 Films | The Ultimate Picture Palace |
| darbotron ltd | Nutopia Limited | Tiger Aspect |
| Ffilm Cymru Wales | Production Guild of Great Britain | Two Brothers |
| Framestore | Queen's Film Theatre | Viacom International Media Networks |
| Hebden Bridge Picture House | Showroom cinema | Zodiak Kids Studios |
| Independent Cinema Office | | |

Industry participation

We are always looking for new Barometer panellists who are eager to share their experience and concerns with the industry. Please take 15 minutes to contribute to our research and help us guarantee the ongoing success of the sector. Your contribution is absolutely vital to our work and the wider screen industries, because the insights generated by the Barometer are used to inform investment and policy decisions, as well as talks with industry, training providers, educators and the Government.

If you wish to participate, please get in touch with Caterina Branzanti (Head of Research) via Caterina.Branzanti@screenskills.com

Report structure

- Chapter 2:** assesses business activity in the UK screen industries;
- Chapter 3:** considers labour market trends and evidence of recruitment difficulties and skills shortages;
- Chapter 4:** explores evidence of skills gaps amongst the existing workforce;
- Chapter 5:** considers expectations for change over the next quarter; and
- Chapter 6:** discusses perspectives on how the sector could be responding to skills challenges.

¹ See appendix A for more information on the methodology underpinning the Quarterly ScreenSkills Barometer.

² The lower response rate for this edition of the Barometer was expected, since the survey was run shortly after an extensive, industry-wide employer survey. The employer survey was conducted earlier this year as part of our Annual ScreenSkills Assessment, targeting more than 400 organisations across the country². Since this survey also targeted organisations participating in the Barometer, it is likely that survey fatigue is responsible for the current response rate of 34.

³ While we collected sufficient responses from most of the subsectors, no responses were collected for unscripted TV. This means that the third iteration of the Barometer is unfortunately not representative of this area of the industry.

2. Business activity across the screen industries

Headlines:

- Although the UK economy is subject to ongoing political uncertainty, recent ONS figures paint an optimistic picture of the UK economy and labour market. This picture looks even more positive when only the screen industries are considered, with 38% of Barometer respondents stating that business activity has increased in the last quarter and 47% perceiving it as having remained constant.
- The continued strength of the domestic market, as well as the availability of financial resources, were identified as significant factors supporting growth across the industry.
- However, Brexit, economic uncertainty and the limited availability of skilled workers are identified as major factors hindering growth.

UK economic and labour market conditions

Recent economic estimates from the Office for National Statistics (ONS) show that the UK’s gross domestic product (GDP) grew by 0.5% in the first quarter of 2019 (ONS, 2019a). The same figures also suggest that GDP has increased from 1.4% to 1.8% compared to the first quarter of last year. Furthermore, the ONS (2019b) July labour market overview suggests that the UK’s unemployment rate (3.8%) is at its lowest rate since December 1974 and total pay in real terms (after inflation) has increased by 1.4% since last year, painting an optimistic picture of the UK economy.

However, Reuters (2019) reported in early July that the UK economy also showed signs of slowdown in the second quarter of 2019. This has been confirmed by economic forecasting figures from the Bank of England (2019), which estimate that GDP growth reduced to 0% during this period – the result of increased global trade tensions and the perceived risk of a no-deal Brexit.

Business activity

The prospects for the screen industries appear positive. Data for the third wave of the Quarterly ScreenSkills Barometer suggests that **the vast majority of respondents (85%) think that business activity increased or remained stable between February and May 2019**. Only 9% believed that it had decreased (figure 3).

Figure 3: Perception of level of business activity between February and May 2019



Q = What’s your view on the level of business activity across the screen industries over the last three months? (n = 34)

Positive factors

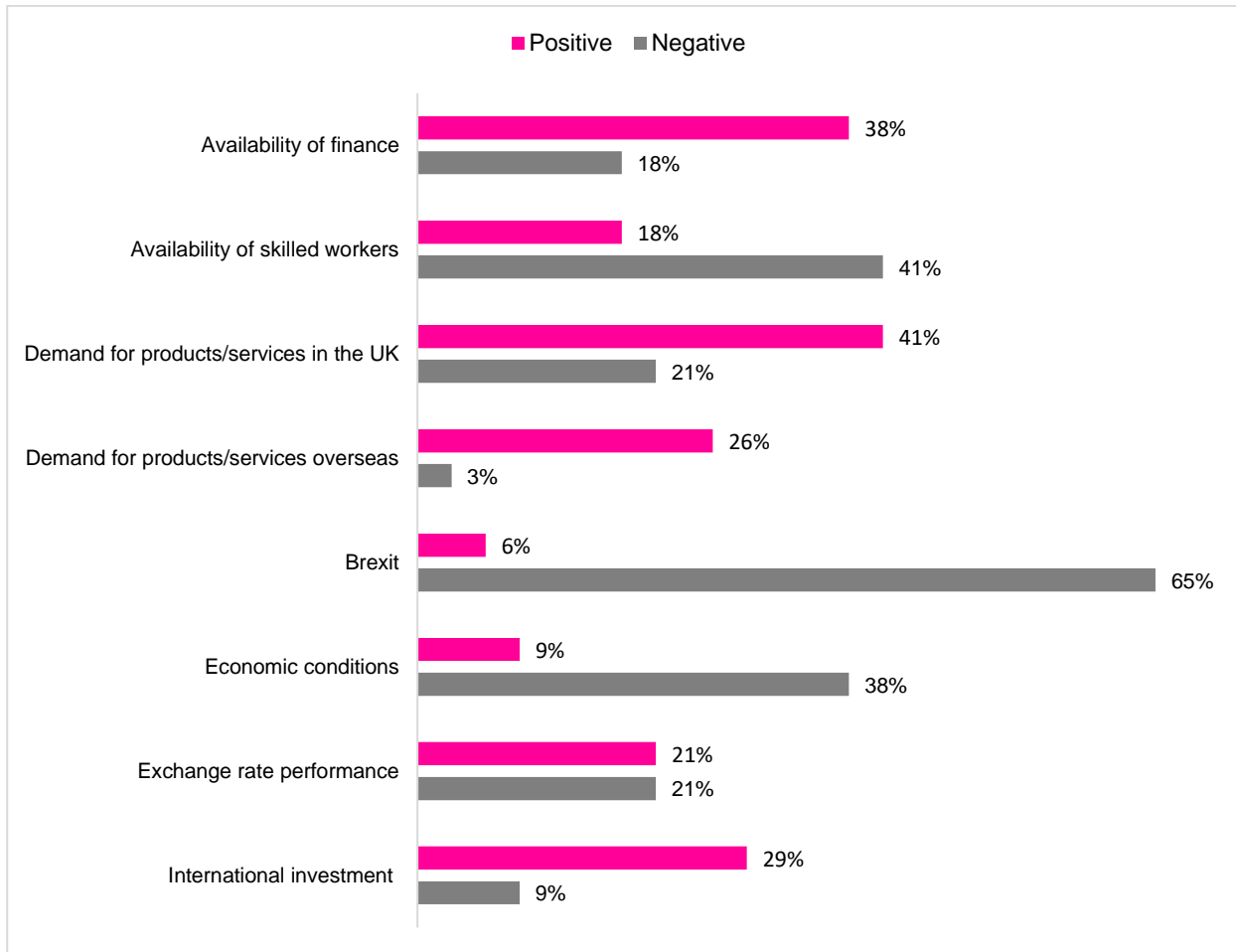
As reported in figure 4 below, participants consider the **positive effect of a strong domestic demand for products and services** (41%) the main factor contributing to the growth or stability of business activity over the last three months. This is closely followed by the availability of financial resources (38%) and international investment in the UK facilitated by low exchange rates (29%).

Several respondents also highlighted that the increased (global) demand for SVOD⁴ content results in more business opportunities for UK production companies, with online platforms such as Disney Plus reportedly acquiring more screen content⁵. Another respondent mentioned that the children’s TV tax credit has had a positive impact on business activity between February and May.

⁴ Subscription Video on Demand.

⁵ For more information, please see our ScreenSkills Foresighting Analysis (ScreenSkills, 2019c) for a discussion on how SVOD platforms affect the UK screen industries.

Figure 4: Perception of factors affecting business activity in the past quarter



Q = How do you view the effect of the following factors on the level of business activity across the screen industries during the last three months? (n = 34)

Negative factors

It is perhaps unsurprising that **almost two-thirds (65%) of respondents thought that the economic and political uncertainty caused by Brexit affects business activity negatively.**

Besides mentioning growing challenges around the recruitment and retention of skilled (EU) workers, panellists working in children’s TV and VFX also think that Brexit has a negative effect on business activity in the advertising industry. A recent advertising report by leading media investment group GroupM (2019) suggests that the UK advertising market continues to grow in 2019 despite Brexit. However, GroupM also notes that Brexit contingency measures are taking up management time and resources in the advertising sector, which might eventually lead to a decrease in growth and activity⁶.

Around two-fifths (41%) of Barometer respondents highlight that a general lack of skilled and experienced workers – particularly during busy production periods – hampers or strains business activity. Another respondent mentioned that the current lack of studio space has a negative effect on high-end TV production. Indeed, several participants shared worries that the industry lacks capacity, resources and manpower to meet production growth and demand⁷.

Another participant highlighted that it is becoming increasingly difficult to produce content on broadcaster budgets in the animation sector. Insufficient domestic funding means that the industry risks having to outsource more creative work in the future and that it may have to draw on foreign finance and tax credit to fund productions.

⁶ Campaign (2019) reports that although the UK advertising market is set to grow for the 10th year in a row, FAANG (Facebook, Apple, Amazon, Netflix and Google) are currently changing more traditional media business models. Campaigns report that throughout 2019 the influence from FAANG platforms is likely to have a greater impact on the UK advertising market than Brexit, suggesting that the change felt by our respondents working in children’s and high-end TV might also be related to the corporate activities of FAANG.

⁷ See chapter 5.

3. Employment and recruitment challenges

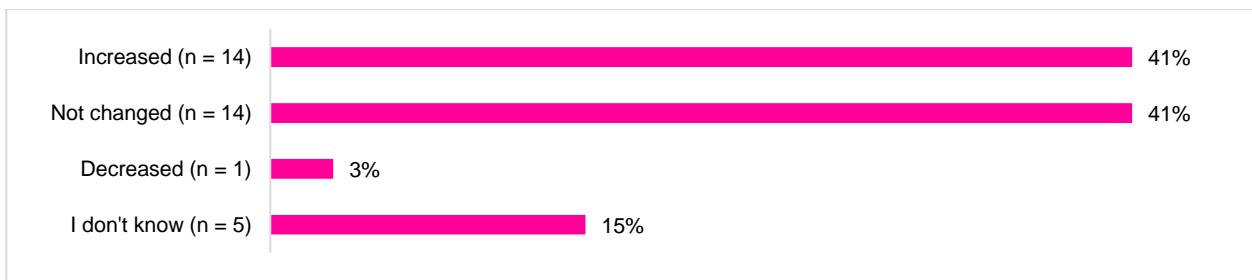
Headlines:

- 41% of respondents felt that the number of workers remained stable over the last three months and 41% of panellists believed the size of the workforce has increased.
- 65% of those surveyed suggested it was difficult to recruit, with respondents highlighting difficulties in filling a wide range of roles. Skills shortages form a serious or very serious problem for 68% of participants who reported recruitment difficulties.
- Panellists identified a number of different causes for skills shortages, most prominently competition from inside the sector and the low number of applicants with the required skills for the roles for which they are recruiting.
- The sector feels the impact of skills shortages in a number of ways, including wage inflation, increased operating costs and their ability to meet deadlines.

Size of the workforce

Figure 5 shows the perception of change in the number of workers between February and May. While 41% of respondents stated that they perceived an increase in the number of workers, 41% did not think there were any changes in the number of employed professionals. Only a significant minority of 3% reported a decline.

Figure 5: Perception of changes in the number of workers in the past quarter



Q = In the last quarter do you think the number of workers (including full-time, part-time and freelance roles) has... (n = 34)

The extent of recruitment difficulties

As shown in figure 6 below, 65% of respondents stated that it had been difficult to recruit for particular roles. This is broadly in line with recent findings from The Open University's business barometer (2019), which estimated that 63% of organisations across the UK economy are currently experiencing skills shortages.

Figure 6: Recruitment difficulties in the past quarter



Q = Are you aware of any recruitment difficulties in the sector over the last three months? (n = 34)

The findings from The Open University also suggest that skills shortages are becoming more prevalent as UK organisations and businesses are facing new and widespread challenges caused by Brexit, the "Fourth Industrial Revolution"⁸ and the ageing of the population⁹.

⁸ The Fourth Industrial Revolution refers to the blurring of physical, biological and digital spheres through new technological developments in fields such as genetics and artificial intelligence.

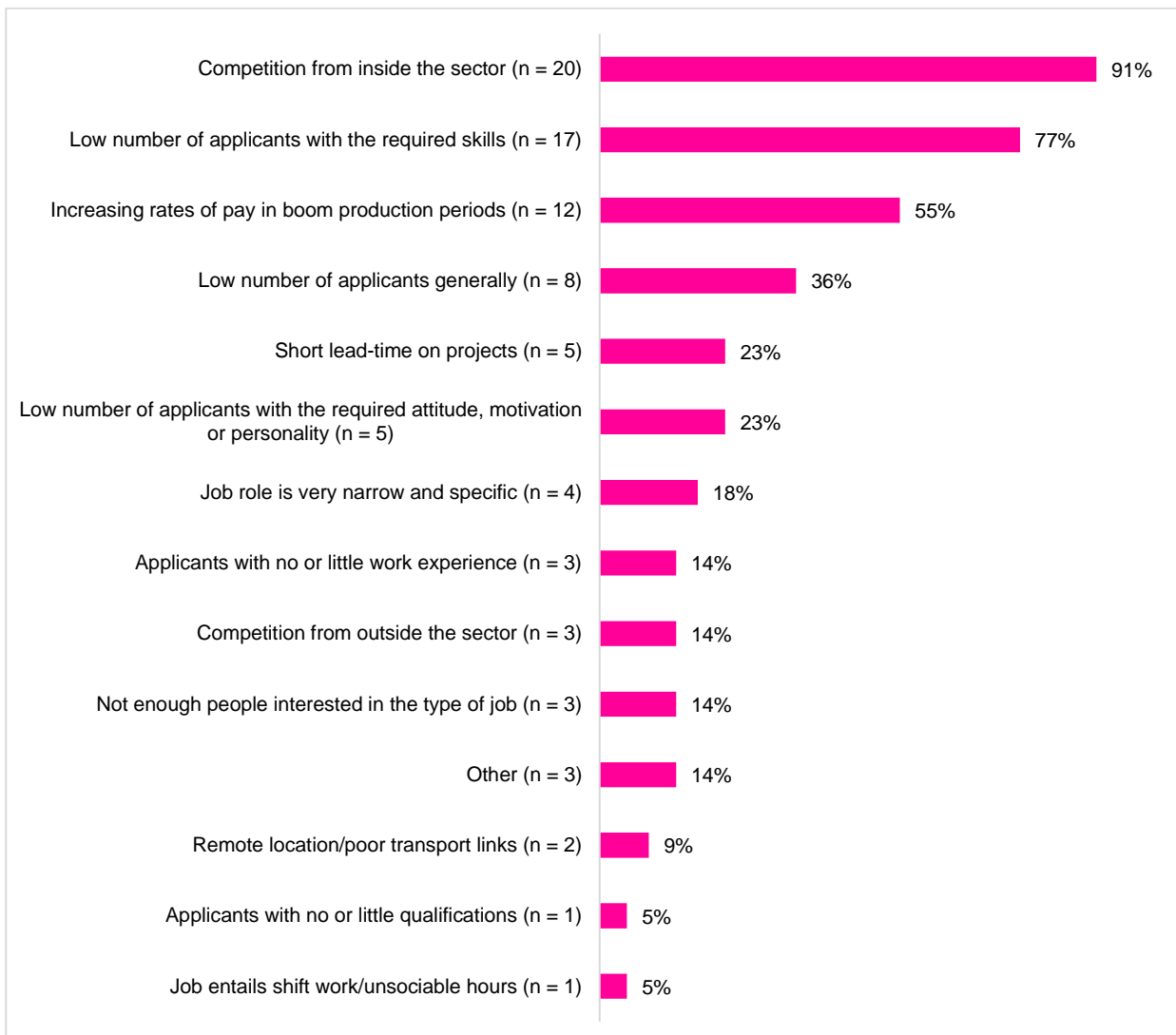
⁹ For more information, please see our ScreenSkills Foresighting Analysis (ScreenSkills, 2019c) for a discussion on how some of these and other trends are likely to affect the UK screen industries in the next five to 10 years.

Causes of recruitment difficulties

Of those respondents who experienced recruitment difficulties between February and May, the vast majority (91%) reported that these issues were caused by competition from within the sector (figure 7)¹⁰. Low numbers of applicants with the required skills to do the job (77%) and increased rates of pay during peak production periods (55%) were also perceived as problematic.

In addition, one respondent mentioned that recruitment difficulties are forcing crew members to step up sooner, causing skills shortages in the positions they are leaving behind – a finding also confirmed by our high-end TV research (ScreenSkills, 2019a)¹¹.

Figure 7: Perception of the main causes of recruitment difficulties in the past quarter



Q = What were the main causes of recruitment difficulties in your subsector? (n = 22) *Note: this question was only addressed to the 22 respondents who were aware of recruitment difficulties in their subsector in the last three months. Multiple answers allowed.

One participant working in animation furthermore explained that it is becoming increasingly difficult to crew-up for longer running, non-commercial and traditional (hand-drawn) animation projects due to low broadcaster budgets. The respondent described how higher salaries on commercial and advertisement projects are preventing workers from taking on traditional projects and from developing the skills needed to produce high quality feature and TV specials. As a result, the non-commercial and traditional animation industry is visibly dwindling in the UK but booming in places such as France and Ireland.

¹⁰ Respondents to the ScreenSkills Employer Survey 2019 also identified “competition from inside the sector” as the primary cause of recruitment difficulties. For more information, please see the Annual ScreenSkills Assessment (ScreenSkills, 2019b).

¹¹ This research moreover found that stepping up too early is frequently connected to skills gaps among the workforce, with workers being ill-prepared to take on extra responsibility.

Hard-to-fill jobs

As shown in figure 8 below, respondents identified a range of different roles as difficult to recruit for. The responses indicate that a variety of roles continue to prove difficult to recruit for, including production accountants, location managers, production coordinators, line producers and 1st assistant directors in film and high-end TV, and heads of production and lead digital matte painters in VFX.

Figure 8: Jobs hard to recruit for¹²

| Film | | VFX | |
|--|---|--|--|
| 1 st assistant director Director of photography Editor Focus puller Line producer | Location manager Production accountant Production coordinator Production manager Wardrobe supervisor | Animation supervisor CG supervisor Groom TD Head of production Lead animator Lead digital matte painter | Lead tracking / matchmove artist Senior animator Senior VFX artist VFX producer |
| High-end TV | | Animation | |
| 1 st assistant director 2 nd assistant director Assistant location manager Assistant production accountant Assistant production coordinator Construction manager Draughtsperson Editor Electrician | Financial controller Line producer Location assistant Location manager Post-production supervisor Producer Production accountant Production coordinator Production manager Unit production manager VFX producer | 2D animation production coordinator 2D assistant animator 2D layout artist 2D traditional animator CG supervisor Creative assistant | Creative producer Feature director Head of story Story artist Trainee production accounts assistant |
| Children's TV | | Games | |
| 1 st assistant director Assistant editor Cashier Children's researcher Craft editor post- production Line producer | Location manager Multi-skilled operator Production accountant Production coordinator Production secretary Script supervisor | 2D/UI artist Concept artist Graphics programmer Lead audio designer Lead game designer Lead programmer | Monetisation expert Network programmer Senior artist Senior producer Senior programmer VFX artist |

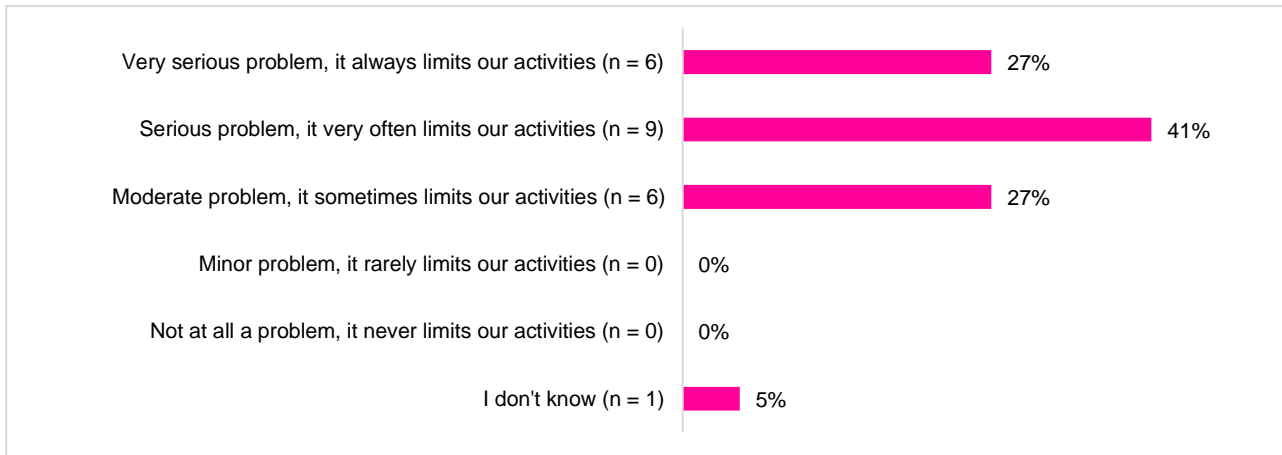
¹² Since no participants from unscripted TV contributed to the third iteration of the Barometer, we are unable to identify hard-to-fill job roles for this subsector.

For additional hard-to-fill job roles identified through our research, see the Annual ScreenSkills Assessment (ScreenSkills, 2019b).

Severity of recruitment difficulties

Just over two-thirds of respondents (68%) considered recruitment difficulties a serious or very serious problem that very often or always limits activities, while a further 27% of the sample perceived it as a moderate issue (figure 9).

Figure 9: Views on the impact of recruitment difficulties in the past quarter

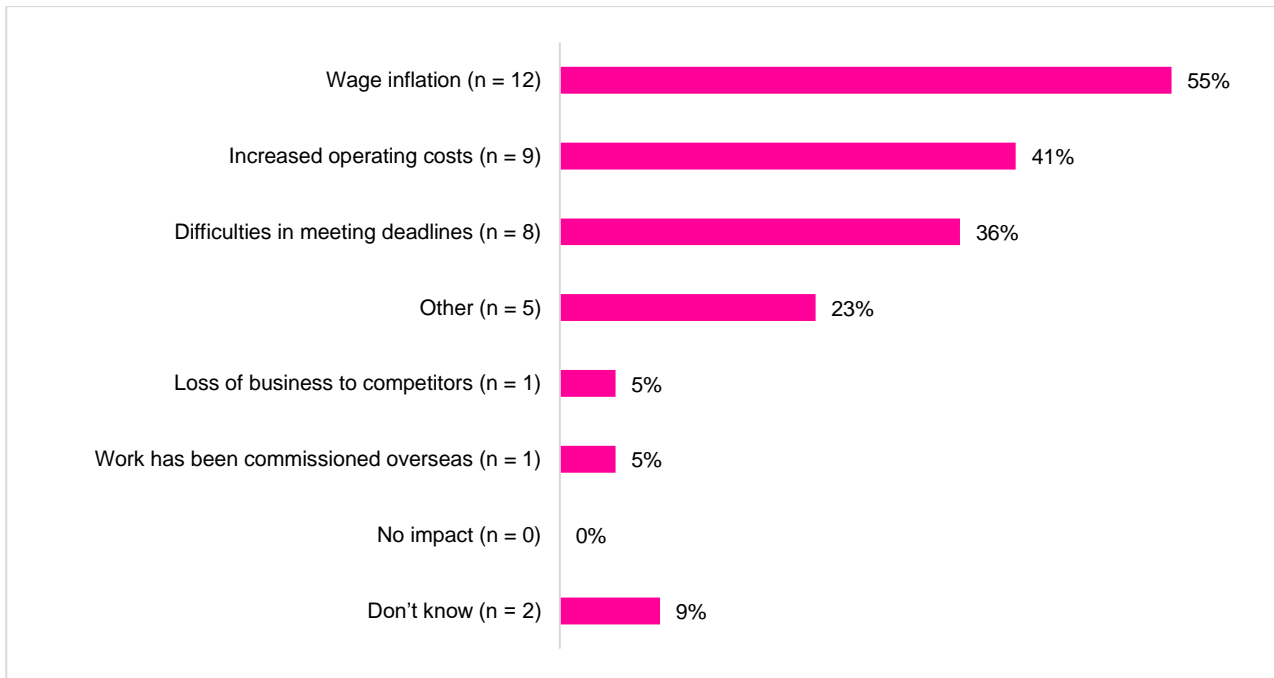


Q = How severe do you consider the problem of recruitment difficulties related to lack of relevant skills, qualifications or experience over the last three months? (n = 22) *Note: this question was only addressed to the 22 respondents who stated they were aware of recruitment difficulties in their subsector over the past three months.

Consequences of recruitment difficulties

According to the panellists, the two primary effects of recruitment difficulties are wage inflation (55%) and increased operating costs (41%). More than a third of respondents also reported that it is more challenging to meet deadlines as a result of job roles being hard to fill (figure 10).

Figure 10: Views on the consequences of recruitment difficulties in the past quarter



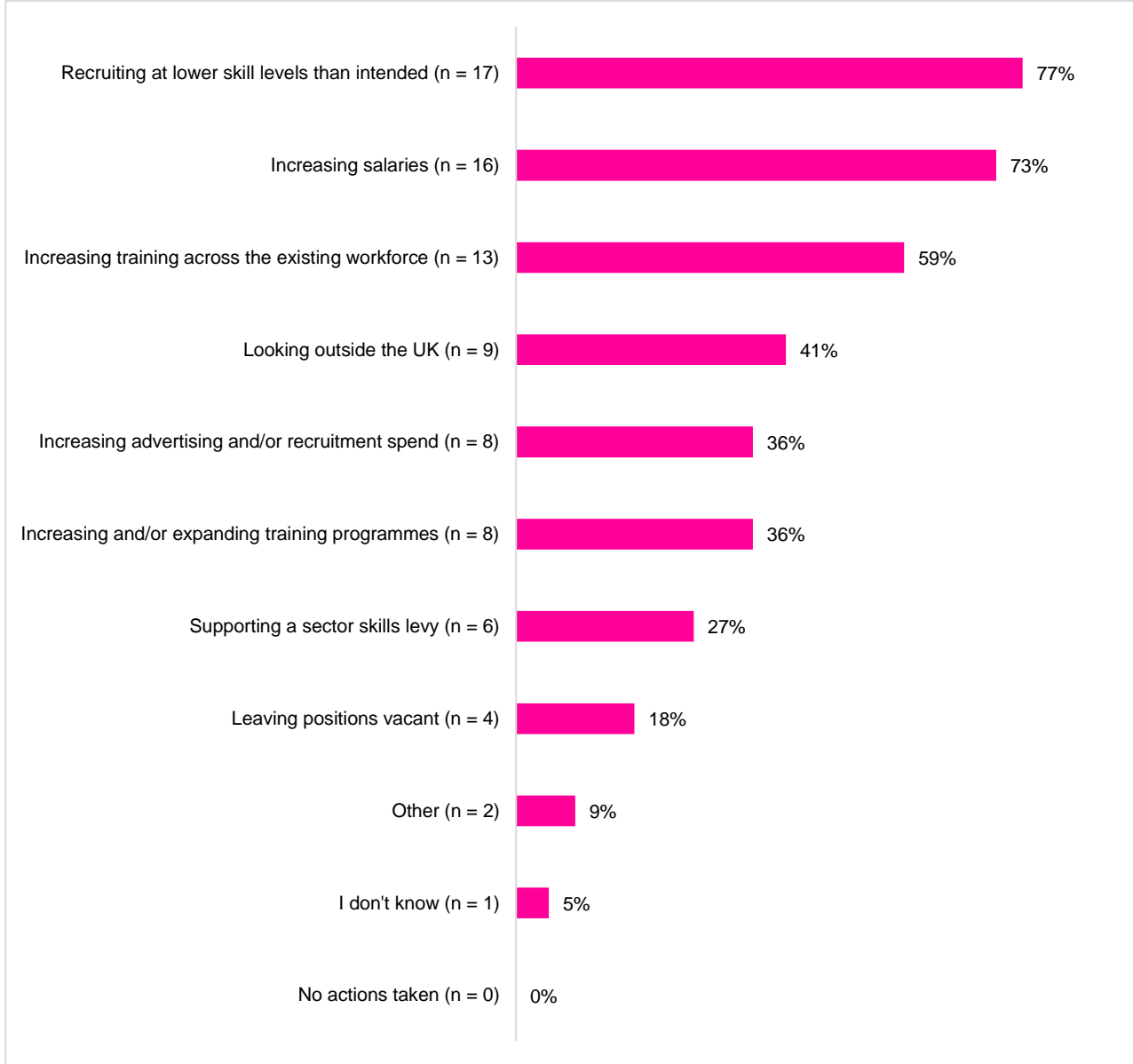
Q = What has been the effect of any recruitment difficulties over the last three months? (n = 22) *Note: this question was only addressed to the 22 respondents who stated they were aware of recruitment difficulties in their subsector(s) over the past three months. Multiple answers allowed.

Several other participants stated that skills shortages are forcing them to recruit crews in other regions and nations and, in some cases, overseas. In other cases, work had to be relocated to outside the UK. Another respondent answered that they are sometimes forced to work with underqualified crews and another panellist explained that working with unexperienced or underqualified crews has resulted in increased workloads for other members of staff.

Actions taken to tackle recruitment difficulties

Between February and May companies have taken a range of actions to tackle recruitment difficulties (figure 11). Most commonly, respondents stated that they have recruited at lower skills levels than initially intended (77%), which may create knock-on effects. Additional comments from various panellists suggest that appointing staff at a lower skills level than required makes it more difficult to deliver products and services on time.

Figure 11: Actions taken in the past quarter



Q = What actions have employers taken to overcome any recruitment difficulties in the last three months? (n = 22) *Note: multiple answers allowed.

Furthermore, 73% of respondents reported that they have increased salaries to fill vacancies and nearly two-thirds answered they have invested more in training across the existing workforce. Additionally, some participants stated that they had to either restructure their departments to work with the crews available to them or relocate work to outside the UK.

Finally, 18% of respondents stated they were forced to leave positions unfilled, which may place additional strain on the existing workforce in the delivery of products and services.

4. Skills gaps

Headlines:

- 59% of respondents are aware of skills gaps among the existing workforce.
- Skills gaps are causing serious or very serious problems according to 55% of the panel.
- Management and leadership skills were most commonly cited as lacking. However, respondents identified a range of other skills gaps such as teamwork skills, creativity and resilience.
- The two most commonly cited causes for skills gaps among the workforce are the inability of employers to recruit staff with the required skills and employees being too inexperienced in their role.

The extent of skills gaps

The pace of change in the UK screen industries, coupled with a lack of skilled workers in the external labour market, continues to have an impact on the sector. This time 59% of respondents reported they are aware of skills gaps in the existing workforce¹³ (figure 12).

Figure 12: Perception of skills gaps amongst the existing workforce in the past quarter

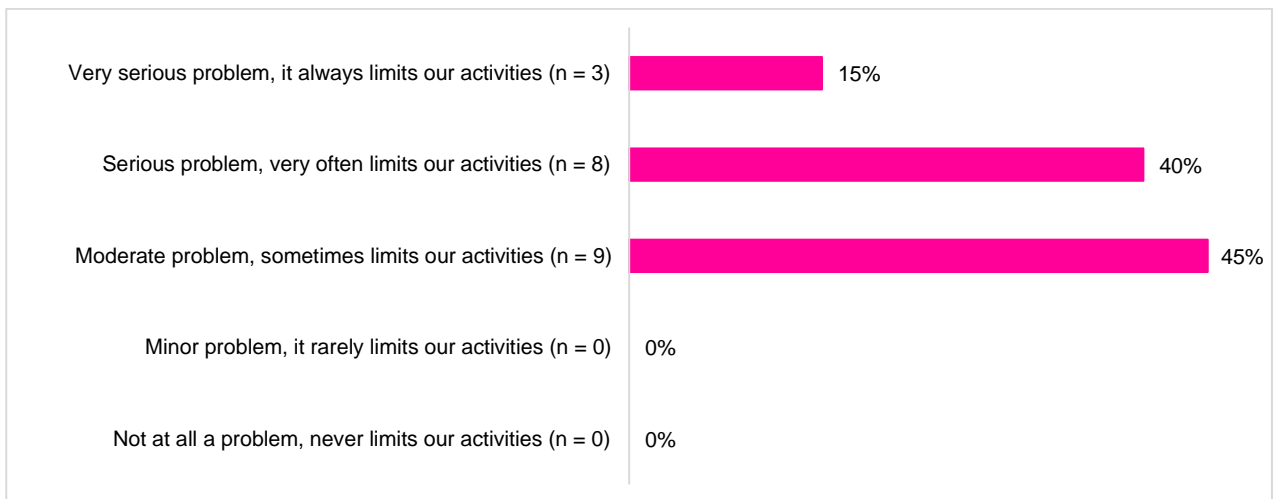


Q = Are you aware of any skills gaps among those currently working in your subsector(s), including in-house personnel and freelancers? (n = 34)

The severity of skills gaps

More than half (55%) of respondents consider skill gaps a serious or very serious problem that always or very often limits activity in the sector (figure 13). Furthermore, a sizeable 45% of panellists consider skills gaps to be a moderate problem.

Figure 13: Views on the impact of skills gaps on business activity in the past quarter



Q = How severe do you consider the problem of skills gaps in the existing workforce (including payroll and freelancers) over the last three months? (n = 20) *Note: this question was only addressed to the 20 respondents who reported they were aware of skills gaps in the current workforce.

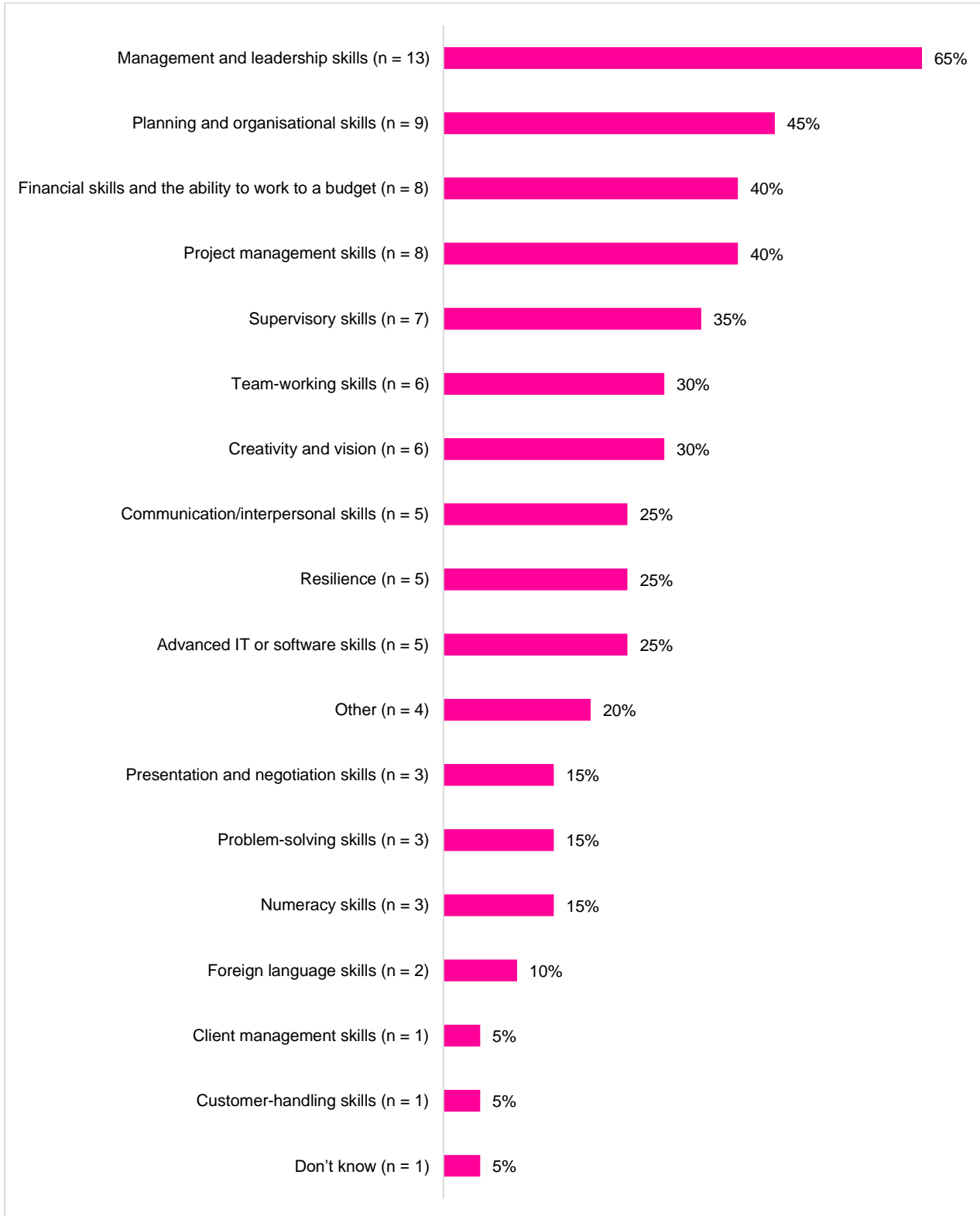
¹³ As previously reported, evidence suggests that this is considerably higher than in other parts of the economy. In the 2017 Employer Skills Survey of the Department for Education (2018), only 13% of UK employers believed they had any skill gaps in their workforce. For a more in-depth analysis of skills gaps, see the Annual ScreenSkills Assessment (ScreenSkills, 2019b).

The nature of skills gaps

The most commonly reported skills gaps continue to be managerial in nature, with nearly two-thirds (65%) of respondents stating that the workforce lacks management and leadership skills (figure 14).

A further 45% of panellists believed that the workforce lacks vital planning and organisation skills, and 40% stated that workers lack project management skills, financial skills and the ability to work to a budget.

Figure 14: Views on general skills gap in the existing workforce in the past quarter



Q: In relation to your subsector(s), which of the following transferable skills are lacking in the existing workforce, including in-house personnel and freelancers? (n = 20) *Note: multiple answers allowed.

The causes of skills gaps

The panellists identified a range of causes for skills gaps among the existing workforce (figure 15).

70% stated that employers are unable to recruit staff with the required skills. Indeed, several participants mentioned that there are simply not enough experienced crew members to meet the increasing levels of production. This is in line with the findings of our high-end TV research (ScreenSkills, 2019a), which suggested that in some cases the increase in demand and lack of available crew forces workers to step up too soon, which in turn exacerbates already existing skills challenges.

Nearly two-thirds (65%) of Barometer panellists think that inexperienced workers are a significant cause of skills gaps among the existing workforce. Another 45% of respondents think that many workers have not received appropriate training and are therefore unable to fully perform their tasks. One panellist working in high-end TV moreover highlighted that there is a lack of on-the-job opportunities for directors to practice and gain sufficient experience and directing credits.

Figure 15: Views on the main causes of skills gaps

| | n | % |
|---|----|----|
| Employers are unable to recruit staff with the required skills | 14 | 70 |
| Workers are new to the role | 13 | 65 |
| Workers have not received the appropriate training | 9 | 45 |
| Workers are still receiving training | 8 | 40 |
| Employers face problems retaining staff | 7 | 35 |
| The introduction of new working practices | 3 | 15 |
| Workers lack motivation | 2 | 10 |
| Workers lack of aptitude to do job/reached maximum potential | 2 | 10 |
| Other | 2 | 10 |
| The development of new products and services | 1 | 5 |
| Workers have been on training but their performance has not improved sufficiently | 1 | 5 |
| | | |

Q: What were the main causes of skills gaps? (n = 20) *Note: multiple answers allowed.

Respondents also highlighted a generational dimension to the problem of skills gaps. One of our contributors explained that older and more experienced crew members in animation usually possess the necessary creative knowledge and experience to solve problems, but not necessarily the right technological skills, speed or confidence to implement solutions effectively in digital environments. Younger workers, graduates and those working in junior grades, by contrast, do possess the technological skills and confidence, but not necessarily the essential technical artistic skills, such as life-drawing and understanding of volume, weight, light and shadow fall, anatomy and drawing speed.

The picture sketched by the Barometer panellists appears to be a vicious circle in which employers struggle to find staff with the required skills but are also forced to hire inexperienced or unqualified workers. This is in turn likely to exacerbate the challenge of skills gaps, creating knock-on effects along the value chain.

Our Annual ScreenSkills Assessment found that more than a third (38%) of employers affected by skills gaps, experience higher operating costs as a result (ScreenSkills, 2019b). For 31% of employers, skills gaps lead to increases in the workload of other staff. Further knock-on effects include outsourcing of work, difficulties in introducing new working practices and delays in the development and delivery of products and services.

5. Future outlook

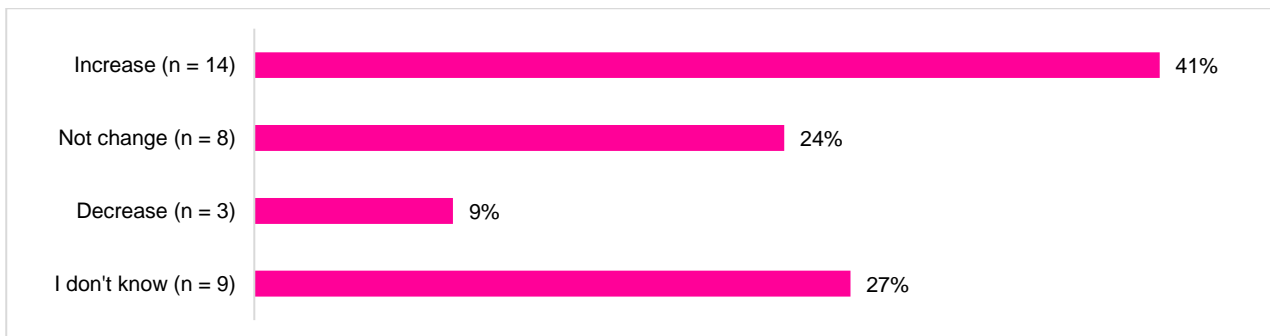
Headlines:

- Despite ongoing economic and political uncertainty, the Barometer survey finds that 41% of respondents are optimistic about the future growth of the screen industries.
- Low exchange rates, new commissions, the increasing number of productions shooting, and new training opportunities were identified as positive factors affecting the industry in the next quarter.
- Brexit and the availability of skilled workers are expected to have a negative impact on the sector's short-term prospects. The industry's perceived lack of capacity to act on opportunities is another concern for panel members.
- 41% of respondents think that the size of the workforce will increase in the next quarter. Another 41% expect that the numbers will stay the same.

Business activity

Business activity is expected to increase during the next quarter by 41% of respondents and only 9% of panellists believed business activity will decrease (figure 16). However, a significant 27% of participants are unsure how business activity will develop over the next three months, which is likely to be the result of continuing economic and political uncertainty.

Figure 16: Future expectations for business activity in the screen industries



Q: How do you think business activity across the screen industries will change during the next three months? (n = 34)

Positive factors

Respondents identified a wide range of positive factors, which is in line with the generally optimistic view of the future of the industry.

A number of participants working in film, high-end TV and VFX mentioned that low exchange rates are likely to positively affect business activity in the next quarter by attracting overseas investment. Moreover, panellists responding for high-end TV and VFX in particular expect that an increase in commissions from SVOD platforms such as Netflix and Amazon will bring growth to the sector in upcoming months. This is likely to bring new short- and long-term opportunities to the UK screen industries, exemplified, for instance, by Netflix's recent announcement that it will invest in a large-scale production hub at Shepperton Studios.

Demand for products and services, both domestically and overseas, was highlighted as an important factor for the film, games and high-end TV industries, creating growth opportunities for the sector over the course of the summer.

Furthermore, professionals working in film and high-end TV believe that new training programmes and work placement opportunities will positively affect business activity in the next quarter, with one respondent noting the positive effects of more collaboration between companies to align training opportunities.

Another participant mentioned that overseas investments are enabling the industry to invest more in training for the existing workforce, which in turn helps to tackle skills gaps and shortages. Indeed, several respondents report an increase in the availability of skilled and experienced workers in high-end TV production.

Negative factors

Given the continuing uncertainty caused by the UK’s pending exit from the European Union, it is perhaps unsurprising that **Brexit is once more identified as the most important negative factor affecting business activity in the screen industries over the next three months**¹⁴. In particular, participants mentioned political indecision, financial and (global) economic uncertainty, and the prospect of losing valuable EU funding as barriers to business activity in the next quarter. One Barometer panellist moreover observed that hiring EU workers for VFX is already becoming more difficult due to the prospect of Brexit¹⁵.

A general lack of industry capacity to process the sheer volume of commissions and productions is considered another significant factor hindering business activity. Several panellists from across the sector worry that the industry does not possess the necessary resources and infrastructure to take full advantage of new commissions and business opportunities, an issue that is further exacerbated by already existing skills gaps and shortages. The lack of available studio space, in particular, was mentioned as a detrimental factor by respondents working in children’s and high-end TV. These findings echo the results of our high-end TV research (ScreenSkills, 2019a), which found that high levels of inward investment in the UK industry are draining resources both inside and outside London. Highlighting a lack of space and resources, participants in the high-end TV research were concerned that productions might leave the UK.

Several respondents also stated that increased competition from overseas and from inside the sector (particularly in VFX) will affect business activity negatively in the next quarter and in animation low budgets of commissioners is expected to have an adverse effect.

Finally, a significant number of respondents in children’s and high-end TV state that the lack of skilled, experienced and qualified workers will hinder productivity, with one panellist mentioning crews leaving productions to make more money elsewhere as a negative factor¹⁶.

Labour market prospects

Despite some of the negative factors that are expected to affect the industry in the next quarter, the vast majority (82%) of respondents stated that the number of workers in the industry will stay the same or increase in the next quarter (figure 17). Only a minority of 9% said the number of workers is likely to decrease.

Figure 17: Expectations for employment in the screen industries in the next quarter



Q: How do you expect the overall number of workers (including in-house personnel and freelancers) to change in the next three months? (n = 34)

Looking further ahead, our ScreenSkills Employer Survey 2019 (ScreenSkills, 2019a) asked 418 employers from across the sector about their views on the impact of several factors on the future of the workforce in the next three years (figure 18). The survey found that the vast majority of employers consider the introduction of new technologies (77%), the introduction of new platforms to view content (75%) and the development of new methods of content creation (75%) as an opportunity for the workforce to expand in coming years.

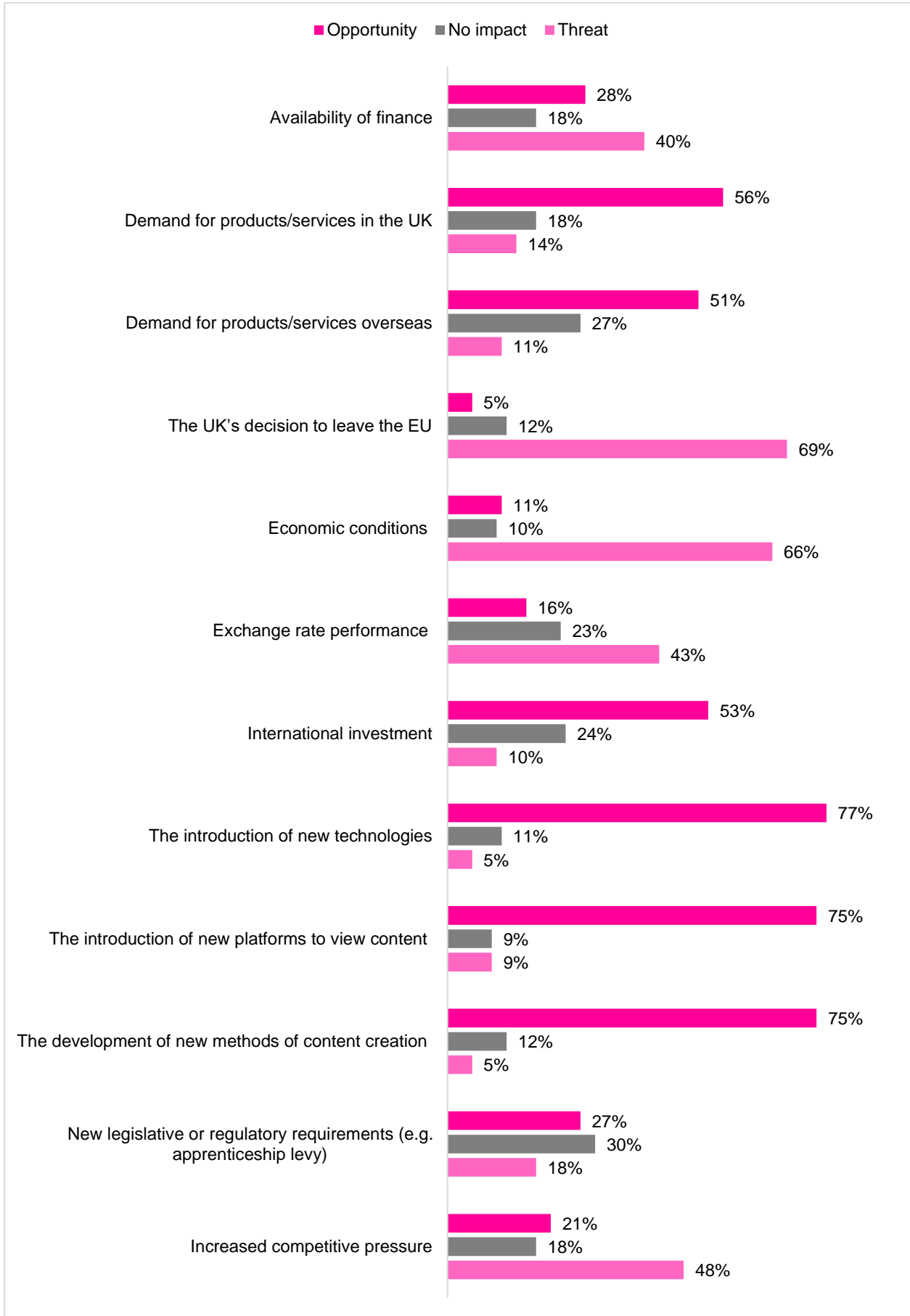
Finally, over two-thirds (69%) of surveyed employers identified Brexit as the biggest threat to the future of the screen industries workforce, closely followed by economic conditions (66%).

¹⁴ Despite the negative prospects associated with Brexit, a few participants in our ScreenSkills Foresighting Analysis highlighted that the UK’s exit from the European Union might also stimulate business activity (see ScreenSkills, 2019c). It was thought that investors might get more value for money if Brexit results in a depreciation of the sterling.

¹⁵ For a detailed discussion of what a ‘deal’ or ‘no-deal’ Brexit scenario will mean for the screen industries – including freedom of movement, the implementation of a Tier 2 visa system, the future of co-productions with EU partners, and the future of the UK’s participation in the Creative Europe programme – see the BFI’s (June 2019) Brexit: Answering questions from the screen sectors, available at: <https://www.bfi.org.uk/about-bfi/policy-strategy/policy-statements/brexit-answering-questions-screen-sectors>

¹⁶ See our high-end TV workforce research for a discussion on issues surrounding staff retention on HETV productions.

Figure 18: Views on factors affecting the future of the workforce



Q: In relation to your subsector, how do you view the impact of the following factors on your future workforce? (n = 418)

6. Responding to skills challenges

Headlines:

- **Barometer respondents highlight the importance of bursaries, better careers education, advice and guidance, improvements to the quality and relevance of education and vocational training including apprenticeships, and more effective management and leadership training in helping to tackle skills shortages in the industry.**

Given the ongoing skills challenges affecting the screen industries, we asked Barometer panellists about the steps the sector could take to address these issues.

Asked which actions could help reduce recruitment difficulties, a significant 77% of participants reported that bursaries to support traineeships, internships and work placements could offer a solution to skills shortages (figure 19). More than half (56%) of respondents stated that better careers education, advice and guidance would reduce recruitment difficulties. However, one panellist stated that although improved careers, education advice and guidance may be effective in the long-run, it does not reduce short-term recruitment difficulties. To achieve that, training programmes and higher salaries are needed to attract and retain talent.

Furthermore, half of respondents (50%) believed that more effective management and leadership training is an essential step in reducing recruitment difficulties. This is an important insight, because management and leadership skills are found to be widely lacking across the sector¹⁷.

Figure 19: Actions thought to help to reduce skills shortages in future

| | n | % |
|--|----|----|
| Bursaries to support traineeships/internships/work placements | 26 | 77 |
| Improved careers, education, advice and guidance | 19 | 56 |
| Improved relevance/quality of education and vocational training, including apprenticeships | 19 | 56 |
| More effective management and leadership training | 17 | 50 |
| Support for sector skills levies (i.e. the ScreenSkills Skills Funds) | 41 | 14 |
| More inclusive recruitment and working practices | 13 | 38 |
| More employer investment in training | 13 | 38 |
| Retraining and return-to-work schemes | 13 | 38 |
| Better/enhanced total reward package (including pay and benefits) | 10 | 29 |
| Other | 5 | 15 |
| No action is needed | 0 | 0 |
| Don't know | 1 | 3 |

Q = Which of the following do you think would help to reduce recruitment difficulties? (n = 34) *Note: multiple answers allowed.

One respondent advised that continuing professional development (CPD) for junior grades such as location assistants could be an effective measure to reduce recruitment difficulties and assist career progression in the sector. A second participant emphasised that attracting more diverse talent to the industry is essential to tackle recruitment difficulties. Another respondent mentioned that the industry generally needs to invest in more training opportunities for the workforce.

Moreover, our Annual ScreenSkills Assessment found that nearly two-thirds (63%) of surveyed employers across the sector think that the expansion of traineeships, internships and work placement programmes could help tackle skills gaps in future (ScreenSkills, 2019b). This suggestion was closely followed by the implementation of mentoring or buddying schemes (57%), increased training spend for freelancers (53%), and increased training spend for in-house workers (49%).

¹⁷ For any additional information on skills shortages, see the next section of this document or the Annual ScreenSkills Assessment (ScreenSkills, 2019b).

References

- Bank of England (2019) Monetary Policy Summary. Available at: <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2019/june-2019>
- BFI (2019) Brexit: Answering questions from the screen sectors. Available at: <https://www.bfi.org.uk/about-bfi/policy-strategy/policy-statements/brexit-answering-questions-screen-sectors>
- Campaign (2019) Welcome to 2019: The Faangs are biting chunks out of traditional media. Available at: <https://www.campaignlive.co.uk/article/welcome-2019-faangs-biting-chunks-traditional-media/1521892>
- Etikan, I., Musa, S. A., & Alkassim, R. S. (2016). Comparison of Convenience Sampling and Purposive. *American Journal of Theoretical and Applied Statistics*, 1-4.
- GroupM (2019) GroupM Updates UK Forecast: Advertising to surpass £21.8 billion in 2019. Available at: <https://www.groupm.com/news/groupm-updates-uk-forecast-advertising-surpass-ps218-billion-2019>
- ONS (2019a) GDP first quarterly estimate, UK: January to March 2019. Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/januarytomarch2019>
- ONS (2019b) Labour market overview, UK: July 2019. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/july2019>
- Reuters (2019) UK economy feels the strain of global slowdown as well as Brexit. Available at: <https://uk.reuters.com/article/uk-britain-economy-pmi/uk-economy-feels-the-strain-of-global-slowdown-as-well-as-brexit-idUKKCN1TW1Y4>
- ScreenSkills (2019a) High-end television UK workforce in 2018 research report. Available at: <https://www.screenskills.com/media/2332/2019-03-14-hetv-research.pdf>
- ScreenSkills (2019b) The Annual ScreenSkills Assessment. Available at: <https://www.screenskills.com/media/2853/2019-08-16-annual-screenskills-assessment.pdf>
- ScreenSkills (2019c) ScreenSkills Foresighting Analysis. Available at: <https://www.screenskills.com/media/2854/2019-08-13-skills-foresighting-report.pdf>
- The Open University (2019) The Open University Business Barometer – July 2019. Available at: <http://www.open.ac.uk/business/Business-Barometer-2019>

Appendix A

Methodology

The method that informs the Quarterly ScreenSkills Barometer has been designed in collaboration with the Work Foundation and industry.

Sample size:

After consultation with industry it was decided to survey around 50 individuals on a quarterly basis.

This highlights a desire for frequent, up-to-date labour market intelligence to support decision-making in the short-run and reflects that the screen industries require a regular temperature check due to their dynamic and fast-changing nature.

Due to the modest size of the sample, it is possible to undertake all fieldwork required to produce a report within a three-month timeframe.

Sampling procedure:

The Quarterly ScreenSkills Barometer uses a purposive sampling technique (Etikan, Musa and Alkassim 2016). As opposed to random sampling, purposive sampling relies on the judgment of researchers to choose an appropriate sample of participants. This is particularly appropriate when trying to include people who are difficult to reach. This applies to the majority of Barometer participants because they work in very senior positions in the industry.

Originally participants were selected from the ScreenSkills database of screen industries employers and organisations. However, after the first iteration of the Barometer we have welcomed the input of screen professionals in senior or hiring roles.

Survey:

Barometer panellists complete a 15-minute online survey each quarter. The survey inquires into business activity, recruitment challenges, skills gaps and the short-term future outlook for the screen industries.

The first Barometer survey was designed in collaboration with the Work Foundation. To reflect emerging trends and concerns in the screen industries, the design of the survey is adjusted slightly before each iteration.

