Written Evidence Submitted by XR Stories and Screen Industries Growth Network, University of York

1. Creativity at the University of York

1.1. Creativity is one of seven research themes at the University of York which align our academic strengths to best meet the grand challenges of our time. Research at the convergence of technology, digital games and interactive media, together with leading partners in the creative economy, enables us to deliver new experiences to provoke, inform and entertain for the wider benefit of society. The University is committed to its responsibilities for civic, public and societal good in our city and region and in particular its role in supporting engagement with our digital, creative and cultural sectors. XR Stories and the Screen Industries Growth Network (SIGN) are major projects which feed into these themes.

1.2. XR Stories is part of the AHRC Creative Clusters Programme and supports research and development for companies working in cutting-edge digital technologies in the Yorkshire and Humber region. We do this through a programme of funding, research collaboration and dissemination. We work across film, TV, games, media arts, heritage, advertising and technology to champion a new future in storytelling. XR Stories is a £15M investment by AHRC, the University of York, the British Film Institute and Screen Yorkshire.

1.3. SIGN an industry-facing initiative supporting the TV, film and videogames sectors in Yorkshire and the Humber. In order to do this, SIGN connects individuals, companies, support agencies and universities through a programme of training, business development, research and evaluation. SIGN is a £6.4M project funded by Research England, the University of York, and its partners. The University of York leads the initiative, working with Screen Yorkshire and eight other Yorkshire universities.

1.4. Given our expertise, the focus of our evidence is on the film, TV, videogames and extended reality (XR) sectors, which we collectively refer to here as the screen industries.

2. Key Messages and Recommendations

2.1. The screen industries are suffering with the impact of lockdown halting the majority of work. The impact will last into the long-term in places with less buoyant creative sectors. Businesses will disappear never to re-open. Individuals will leave the sector, with their skills lost.

2.2. As the evidence we include below illustrates, the impact of COVID-19 is (and will continue to be) varied:

- across DCMS (sub)sectors
- in relation to genres of cultural-creative products and services
- in different parts of the country
- for different types of role and for different people/groups

2.3. Government responses must appreciate these differences with targeted interventions. Policies which treat different DCMS sub-sectors, or the varied geography of the creative industries, as the same will entrench the exclusions and exploitations experienced by many in this part of the economy, and limit who, and which places are able to benefit from the value the creative industries generate.

2.4. Interventions for recovery should be overseen by national bodies but delivered by local and regional organisations who understand the particulars of the creative industries within their geographies. The UK's nations and regions need a voice in recovery planning.

2.5. Recovery policies must foreground diversity and inclusion in ways that address these issues, rather than simply acknowledging or measuring them.

2.6. Initiatives which focus solely on growing economic performance will hamper the development of cultural and social value from which economic value in the creative industries is produced. Holistic, progressive and sustainable forms of development should be implement through green, diversity-focused and skills-led initiatives to create resourceful and strong sectors.

2.7. The Government should provide a means of underwriting projects where insurance is unavailable or prohibitively expensive. Securing production insurance is a major obstacle to getting creative projects back underway and mitigating potential job losses.

2.8. The DCMS should work with unions, trade associations, support agencies, researchers and other representative bodies to explore how pay, terms and conditions can be maintained alongside new care-oriented working practices developed (e.g. job sharing and working from home).

3. Evidence Collection Methods

3.1. Reflecting the remit of XR Stories and SIGN, our primary insights are about SMEs and freelancers in Yorkshire and the Humber, but given the nature of working practices in these sectors, we also focus on the wider North of England.

3.2. The evidence presented below is a synthesis of knowledge gained from a series of sources since March, 2020. Sources include:

- interviews with SMEs supported through XR Stories as part of our research activities
- intelligence from our project partners, regional stakeholders and members of XR Stories and SIGN who work in the creative industries
- interviews with freelancers who work in the TV industry in Northern England

4. What has been the immediate impact of Covid-19 on the sector?

4.1. <u>Videogames, XR, Animation and digital agencies SMEs</u>

4.2. Many SMEs foresaw the lockdown and began transitioning staff to work from home in early/mid-March. The impact of lockdown on day-to-day practices was overcome by SMEs harnessing videoconferencing technologies to replace meetings and office conversations. For most companies, the computer and media equipment required is portable and staff were sent home with what they needed. Where there was not enough equipment available, those companies who sourced it early could provide it to staff, but the impact of COVID-19 on global supply chains mean some equipment was hard or impossible source.

4.3. The biggest impact on SMEs working in these areas has been on the cancellation of events important for raising finance, finding commissions, developing relationship and completing licensing and/or distribution deals. While some have gone online, the need for face-to-face interaction to build trust, showcase products and do deals was lost meaning decisions were not made. Potential investment and revenue were lost.

4.4. Investment in preparing for global conferences and trade shows is expensive for SMEs and their cancellation has proved costly. The timing of re-scheduled trade shows, showcases and commissioning events will have a substantial impact on whether companies can survive.

4.5. Additional impacts were experienced by companies who undertake user-, audience- and site-testing in the development of their products.

4.6. As lockdown eases, COVID-secure guidance will constrain how devices can be used. Access to users and venues (e.g. theatres and museums) can add major delays and costs to bringing a product to market or delivering to clients.

4.7. <u>Film and TV Production Companies</u>

4.8. The impact of the lockdown on film and TV production companies in the region was largely governed by the reaction of the studios, broadcasters and channels which commissioned their work and the stage of production any projects were in. (The impact on freelancers is discussed below from paragraph 4.16)

4.9. Many production companies have highlighted how work was lost almost overnight, with commissioners pulling projects completely or informing companies to pause activity until further notice. Some companies losing hundreds of thousands of pounds of future work.

4.10. Productions in the development phase of work (i.e. before formal) could continue, but production staff we interviewed suggested this was unlikely without knowing how commissioning priorities might change. The fixed costs of running a production company meant many furloughed in-house jobs as soon as they could, thus reducing the capacity to undertake development work.

4.11. Productions which were in pre-production were either cancelled entirely or put on hold. For production companies the immediate impact of this is effectively the same as there were no assurances of a project being recommissioned or taken off hold.

4.12. Projects which were filming were halted immediately after lockdown. Production companies sought assurances from commissioners about a series of concerns including: would payment be guaranteed for what had already been shot; if filming could continue post-lockdown; if expectations could be renegotiated. Uncertainty was the usual response.

4.13. Many productions in post-production continued if staff were available to work (e.g. didn't have caring responsibilities), had access to the necessary material and had sufficient equipment/software/internet connectivity to undertake their work. This also depended on the genre of production, with higher budget projects generally requiring more specialised equipment.

4.14. Any production company staff with caring responsibilities or needs (whether childcare, caring for a relative/friend, or self-care) saw their capacity to work on any phases of a production drastically reduced, often to zero.

4.15. While the vast majority of work stopped in film and TV, there were exceptions. Some pre-production could continue, and some companies could repurpose existing footage to add additional episodes to TV series. Some factual and factual entertainment TV companies won new commissions which focused on COVID-19.

4.16. <u>Film and TV Freelancers</u>

4.17. Freelancers working in film and TV reported a drop-off in the availability of new work in the two weeks before lockdown. People we interviewed suggested this was for a variety of reasons: production insurance either not being available as COVID-19 cases spread or the anticipation of lockdown.

4.18. When lockdown came into force, freelancers described immediate loss of work due to the factors discussed above. Through our research we could identify a series of causes for freelancer-specific impacts:

a) productions in the advanced stages of pre-production were put on hold and the process of employing crew was halted and existing contracts cancelled. In some cases, people involved in production departments were kept on to shutter production and were then furloughed. Some employed as freelancers saw their work reassigned to staff directly employed by a production company, with the former losing their job.

b) filming was stopped immediately with some staff furloughed and others were dismissed. Freelancers do not know if they will be re-employed on these projects.

c) productions which had completed or had nearly completed filming were halted with footage passed to post-production teams to edit. Many freelance post-production staff who had months of work booked lost it with the cancellation of productions.

4.19. People whose work includes the supply of equipment are facing major financial concerns as they have significant overheads. This includes general equipment supply companies, caterers, lighting technicians, cinematographers (and some camera operators), sound technicians, and make-up artists. Facilities, vehicles and equipment are often financed through loans and require insurance. Meeting these payments was raised as an unseen and underappreciated cost.

4.20. Precarity is a feature of film and TV employment practices. Individuals are adept at managing their finances and finding additional work (usually outside of the industry) to get them through periods out of work. The lockdown means temporary work is unavailable, increasing financial hardship. The length of the lockdown has meant savings have been diminished, with some people moving in with friends and family to save money.

4.21. The uneven access to Government income support schemes has exacerbated financial troubles for many freelancers. Through our research we can identify four different results:

- A small number of people have been able to continue work on existing projects (usually in post-production) and have not needed to access Government support.
- A similar number have been furloughed by their employers (usually those in pre-production or on a long-running job).
- Others have been able to access the Self-employment Income Support Scheme (usually those work on higher grades in the industry and who have been working in film and TV for a long time)
- The majority of freelancers reported not qualifying for the schemes due to their employment status.

4.22. Those without access to an income support scheme are disproportionately on lower grades, are younger and had been in the industry for less time.

4.23. Networking and social contacts are the most common ways in which freelancers find work in film and TV, and the lockdown severely constrained these activities. Being unable to network and maintain contacts in the industry (e.g. because you are ill, taking a career break and/or having/raising children) has major impacts on the ability to find jobs on the return to the industry. Where work is found, it is often at a lower grade. This disproportionately affects groups already facing exclusions and constrained career prospects because of their gender, sexuality, race, ethnicity, disability, social class or geographical location.

4.24. The lockdown has given many freelancers the first chance to reflect on their jobs, their career paths and the impact of working in film and TV has had on their life, health and relationships. This has led to a series of activities:

- Undertaking online training or careers development
- Planning a new career path in film or TV
- Plans to leave the industry
- Plans to re-enter work with self-care in mind to reduce the impact of long hours, stress and bullying on themselves or others
- Developing supportive online communities with fellow freelancers

4.25. The opportunity to undertake these activities, was dependent on having the time to do so, and wasn’t possible for those with caring responsibilities.

5. **How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?**

5.1. There was a general view that the Treasury's income support schemes were insufficient in scale and scope. Freelancers felt angry and betrayed that after years of paying tax (and overpaying National Insurance) they were overlooked.

5.2. The was also a view that previous policy from Government departments and sector bodies did not prepare the sector for this crisis. The most common complaints were that HMRC rules meant they were encouraged (or in some cases forced) into particular forms of employment status which left them vulnerable and ineligible for support.

6. **What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?**

6.1. Without sufficient support, the screen industries will lose talent. It is likely these people will be those without the privileges of being white, middle-class, privately educated, based in London, working on higher grades and/or having deep social networks which include influential people.

6.2. Future support for the sector must address the systemic exclusion, exploitation and obstacles to career progression faced by women and trans people; people from Black, Asian and other ethnic minorities; people from working class backgrounds; LGBTQ+ people; disabled people and those for whom working practices and working environments produce or exacerbate disabilities; people who experience mental health conditions, and for whom working practices and working environments worsen those conditions; people with caring responsibilities; new entrants to the industry.

6.3. It is also important to acknowledge these issues are longstanding and therefore cannot be solved without a long-term and deep commitment to change.

6.4. Moreover, the intersection of forms of discrimination faced by those outlined in paragraph 6.2 are complex and need to be carefully understood to be addressed.

6.5. Reductions in TV commissioning budgets will have knock-on effects to budgets available to production companies. Freelancer pay rates could fall with increased pressure to accept poorer terms and conditions or lose work and good relationships with employers.

6.6. Gaining insurance for projects is crucial if businesses and freelancers are to survive. Currently this is either prohibitively expensive or unavailable. The Government should provide a scheme to underwrite productions in some way.

6.7. Across the screen industries there is acceptance that COVID-secure guidelines must be followed, but there are concerns COVID-security will negatively impact working practices and employment conditions, especially with falling budgets. The need to disinfect equipment and the time needed to complete work, especially when working with the public or in user-testing, will increase costs.

6.8. In film and TV, maintaining safe distances will create difficulties on productions, limiting communication between departments and impinging on creative processes. Participants suggested this will lead to longer days and therefore diminish pay levels.

6.9. Efforts to comply with COVID-secure guidelines on location and in studio situations could lead to other health and safety issues mainly relating to having fewer crew in general or at specific times. For instance, having to set up equipment and leave it so other departments can work; taking on additional work to cover missing roles; working longer hours; carrying more equipment.

6.10. Participants predicted the types of film and TV that can be made will change.

- Factual entertainment and documentaries may prove harder to make when filming actuality in hospitals, with police, in people's homes, using cars and in busy public spaces.
- In drama, crowd scenes may not be possible with fewer crew needed in costume, make-up and location management departments, leading to job losses.
- Programmes usually shot in front of studio audiences may not be able to do.

6.11. Lower budgets, fewer jobs and worse pay will disproportionately affect people on lower grades and those already facing discrimination.

6.12. There is also a fear limitations on crew sizes will have a detrimental impact on training, work experience and internships, since there will be no room for what are perceived as 'extra', non-essential staff.

6.13. For SMEs working in the fields of videogames, XR, animation and digital media, if the ability to travel and attend trade shows in-person is constrained they will have to adapt to new modes of pitching, showcasing and networking to survive.

7. What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?

7.1. Everyone with whom we engaged expressed frustration at the lack of certainty in Government responses to COVID-19. Uncertainty for one organisation hinders their ability to plan and make spending decisions, and the uncertainty cascades to suppliers, customers, employees and freelancers. Early, clear and consistent policies and messaging about government support is needed to mitigate uncertainty, reassure the sector and enable future planning to be undertaken. Without the ability to do the latter, the impacts are multiplied through value chains.

8. How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?

8.1. Freelancers in film and TV were hopeful the hiatus would be a moment for positive change. Many expressed solidarities in maintaining pay rates and fighting for better hours. The DCMS should work with unions, researchers and other organisations to explore how this can achieved.

8.2. Freelancers involved in post-production argued work from home practices could be maintained now they have been proven to work. This would have positive benefits for people with caring responsibilities and the DCMS should work with unions, researchers and other bodies to explore how this can achieved.

8.3. Job sharing in some roles could also be increased as working remotely has been shown to be effective. This would have positive benefits for people with caring responsibilities to stay and return to the film and TV industries. The DCMS should work with unions, researchers and other bodies to explore how this can achieved.

9. Authorship and acknowledgements

9.1. This report was prepared by Dr Jon Swords on behalf of XR Stories and SIGN at University of York, with input from Dr Nathan Townsend, Professor Andrew Higson, Dr Anna Ozimek, Dr Sam Stockley-Patel, Professor Damian Murphy and the R&D work stream team, John Rose-Adams and Caroline White. Additional input came from Dr Jennifer Johns (University of Bristol) as part of a research project exploring the impact of COVID-19 on TV freelancers with Dr Swords. We would like to thank the research participants who gave up their time to share their experiences and insights with us.