

Skills needs assessment for the creative and cultural sector

A current and future outlook

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01. EXECUTIVE SUMMARY

Between May and December 2017, CFE Research, on behalf of Creative & Cultural Skills and Arts Council England (ACE), undertook a large-scale survey of creative and cultural businesses to assess skills gaps (a lack of proficiency of the existing workforce) and shortages (a lack of suitable applicants with the required skills, qualifications and/or experience). Although leadership and management skills provide a particular focus, the prevalence of existing and likely future skills gaps and shortages across all occupations and sub-sectors is explored, along with the implications for the sustainability and growth of businesses and the sector as a whole.

In the context of this skills assessment, the creative and cultural sector is defined as businesses in the ACE footprint which encompasses Music, Dance, Theatre, Literature, Visual and Combined Arts, Contemporary Craft, Circus and Carnival arts, and Galleries, Museums and Libraries. Businesses operating outside the sector that employ people in occupations that are within the ACE footprint are out of scope. The term ‘businesses’ includes sole traders.

The mixed-methods approach comprised a rapid evidence review on the skills needs of the creative and cultural sector, scoping interviews with representatives from sector bodies, an online survey of businesses which included metrics from the Employer Skills Survey (ESS); and follow-up interviews with business leaders. The findings contribute to the achievement of ‘Goal 4: diversity and skills’ of ACE’s 10 year strategy, *Great Art and Culture for Everyone*,¹ by identifying the skills challenges faced by the sector, and informing the development of strategies to address these.

The Skills Challenge

There has been significant growth in terms of Gross Value Added (GVA) and employment in the creative and cultural industries in recent years which has far outstripped rates in the UK economy as a whole. Identifying and addressing skills needs in order to sustain this growth is a key priority. Evidence suggests that rapid advancements in digital technologies are breaking down barriers between creative and cultural businesses and consumers. A digitally-literate workforce is, therefore, needed to capitalise on the opportunities this presents, but there are obstacles to achieving this.

The evidence suggests that the creative and cultural sector has been slow to adapt to globalisation and advancements in technology. There is a **lack of digital capacity** in both the leadership of and processes within the sector, at a time when demand for digital skills, as

¹ <http://www.artscouncil.org.uk/great-art-and-culture-everyone>

well as marketing and communication and financial skills, is increasing. This is leading to a gradual **intensification of skills gaps** which could inhibit growth.

Increased demand for key skills across all sectors has resulted in **greater competition** for a limited pool of skilled workers. The creative and cultural sector is **characterised by low levels of pay** and, as a result, often finds it more difficult to attract staff. Difficulties recruiting certain skills to the sector in a competitive market, coupled with a **lack of workforce training and continuous professional development (CPD)**, exacerbate existing skills gaps and shortages.

The **development of leadership and management skills** has been identified as an ongoing issue, particularly the ability of leaders to adapt to new technology and develop their operating models and approaches. Sector bodies, such as Creative & Cultural Skills, are working to address these issues by attracting a more diverse workforce through enhanced **information, advice and guidance**, the development of **alternative entry routes**, and **support for leaders**, but challenges remain.

Key Insights:

This skills needs assessment provides key insights into skills gaps and shortages and the ways in which some businesses are starting to tackle them.

CURRENT SKILLS NEEDS

- *A third of creative and cultural businesses report current skills **gaps**; a similar proportion report current skills **shortages**. These are most prevalent in medium to large businesses.*
- ***Generic, transferable business skills gaps and shortages** are more common than gaps and shortages in specialist creative skills, in particular, marketing and communication, digital skills and financial skills such as fundraising. There is, however, concern over the **future sustainability of ‘master crafts’** as experienced workers age and leave the sector.*
- ***Skills gaps and shortages impact existing staff and businesses** by increasing their workloads. They limit a businesses’ ability to create new outputs, products and services and, in the most extreme examples, result in production ceasing.*
- *Businesses are attempting to **address skills needs through training and recruitment**. However, some businesses find it difficult to attract applicants with the required skills, attitude, and motivation. In a competitive labour market, creative and cultural businesses are often not able to match the salaries, terms and conditions offered in other sectors; many are not able to resource training and CPD for existing staff. These are particularly tricky issues to overcome, which are exacerbated by reductions in public funding.*
- *‘Leadership’ represent a significant skills gap in the sector. Recruiting senior staff with **both a creative background and leadership skills** presents a particular challenge and is acting as a barrier to addressing skills gaps and shortages at the senior level.*
- *Leaders recognise that **‘technological change’ will be important for the future viability** of their business, yet over a third of leaders lack confidence in their ability to lead this change.*

- There is **lack of succession planning** in many organisations to mitigate the impact of existing leaders leaving. If this continues, this presents a key risk and could potentially exacerbate existing skills gaps and shortages at the senior level.
- Effective ways to address skills issues in a competitive labour market include **outsourcing work that cannot be done in-house**, the **development of strategic partnerships** and **working in collaboration** with other organisations and businesses.

FUTURE SKILLS NEEDS

- There is some concern over the future sustainability of the creative and cultural sector given **reductions in public funding** and **uncertainty surrounding Brexit** and its potential impact on the skills pool. Despite this, many employers are optimistic about the future.
- Roles within the creative and cultural sector are increasingly multi-faceted. Employers perceive that the **diversification of roles** and need for a **broad skill set** encompassing creative and generic business skills is likely to continue in the future to mitigate the impact of external challenges, such as reduced public funding, and ensure to the sustainability of individual businesses and the sector.
- Demand for **marketing and communication, digital and financial skills such as fundraising** will increase. This underscores the importance of addressing the current gaps and shortages identified in these areas. However, while some employers recognise the importance of fundraising skills, they also acknowledge that the sustainability of businesses in the creative and cultural sector is dependent on developing more commercial business models that are less reliant on grant funding and fundraising.
- Employers perceive that **the risks of not addressing skills issues are far reaching** for their business and the sector and could change the size and shape of the sector, stifle creativity and innovation, increase competition, and threaten the survival of smaller businesses and sole traders.
- **Training, including apprenticeship, is perceived to be key to addressing skills gaps.** Apprenticeships are regarded by some employers, particularly those that employ apprentices, as important for addressing skills shortages as well as tackling skills gaps amongst existing staff and increasing the diversity of the workforce. However, **more needs to be done to develop the infrastructure**, in particular, employers' capacity to support trainees such as apprentices and paid interns and the quality and relevance of provision in further and higher education.
- **Educating future generations** and encouraging people from diverse backgrounds to aspire to a career in the creative and cultural sector will help to ensure a pipeline of talent with the appropriate skills. However, a **decrease in the number of schools and colleges offering creative art and design courses**, the **decrease in the number of students studying these subjects** and a **lack of effective information, advice and guidance** on careers in the creative and cultural sector are perceived to be threatening the development of the talent pipeline.

Key Statistics

- 33.3% of businesses report **skills gaps** (p17). The most common gaps identified are:
 - Business marketing and communications skills (53.1%).
 - Problem solving skills (47.5%).
 - Vocational skills relating to business support occupations (45.0%).
 - Fundraising skills (43.8%).
 - Social media skills (40.0%) (p19-21).
- 63.0% of businesses do not have good succession plans in place in case senior leaders leave (p23).
- 88.4% of business leaders neither agree nor disagree that their organisation has a good understanding of what skills are required from their workforce (p23).
- 85.8% of business leaders recognise that technological change is important, but 37.2% of leaders are not confident in their ability to lead this (p24).
- 30.2% of businesses report **skills shortages** (p34). Of these:
 - 45.0% struggle to recruit fundraising skills (p35).
 - 35% struggle to recruit business marketing and communication skills (p37).
- Skills gaps and shortages result in an increased workload for other staff (73.0% and 60.0%, respectively) and delays in developing new creative output, content, services or products (42.1% and 46.7%, respectively) (p43).
- 68.6% of businesses have taken steps to address skills gaps, of these, 53.0% of employers and 78.3% of sole traders have increased their training activity (p45-46).
- Businesses are addressing skills shortages by using new recruitment methods or channels (50.0%) and redefining existing jobs to overcome skills shortages (46.7%) (p47).
- External factors that are perceived to have a strong negative impact on businesses include a reduction in public funding or grants (83.5%) and the UK leaving the European Union (53.2%) (p51).
- 85.5% of businesses agree that workers in their sector would need to specialise in more than one role in the future (p 53).
- 69.9% of businesses agree that higher-level computing skills will become increasingly important (p54).
- Businesses most commonly report that fundraising, marketing and communication, digital, and business support skills would be in highest demand in the future (p55).
- 83.9% of businesses agree that young people are unaware of the breadth of career paths available in the creative and cultural sector, and 67.8% agree that there are not enough young people studying arts and creative subjects in school (p56).
- 58.5% of businesses disagree that more young people will leave education with the right creative skills (p56).
- 57.7% of businesses agree that apprenticeships will become increasingly important in addressing skills shortages (p61).

02. GLOSSARY

This glossary contains terms used throughout this report and their associated definition.

Term	Definition
Brexit	The departure of the United Kingdom from the European Union
Creative and cultural sector	For the purposes of this research the creative and cultural sector is defined as businesses in the ACE footprint which encompasses firms categorised within the following Standard Industrial Classifications (SIC): Music, Dance, Theatre, Literature, Visual and Combined Arts, Contemporary Craft, Circus and Carnival arts, Galleries, Museums and Libraries. Businesses operating outside the sector that employ individuals in occupations that are within the ACE footprint are out of scope of this study.
Creative and cultural industries	The creative and cultural industries refer to the sector as a whole as defined by the Department for Digital, Culture, Media and Sport and encompasses sub-sectors outside of ACE's footprint including film and television.
Digital skills	The use of computers and technology in completing work related tasks. In the context of this report such skills relate to the use of computers and technology to create, host and market creative output, content, services or products.
Employer Skills Survey (ESS)	A UK survey that is conducted biennially to explore the skills challenges that employers face.
Gross Value Added	The measure of the value of goods and services produced in an area, industry or sector of an economy.
Higher occupational roles	These are more advanced occupations that are sometimes used as a proxy for graduate level jobs. They include occupations that fall within SOC codes 1-3: Managers and senior officials; Professional occupations; Associate professional and technical occupations.
Lower occupational roles	These are occupations which do not require high level qualifications. They include occupations that fall within SOC codes 4-9: Administrative and secretarial occupations; Skilled trade occupations; Personal service occupations; Sales and customer service occupations; Process, plant and machine operatives; and Elementary occupations.
Low skilled workers	Employees working in a job that doesn't require high level qualifications.
Occupation	A job or profession
Sector	A segment of the economy within which organisations that have similar business/economic activity operate in.
Sector growth	An increase in the amount of goods and services produced in a particular segment of the economy.
SIC	Standard Industrial Classification – this is a system that is used to classify the main business/economic activity of a company
SOC	Standard Occupational Classification – this is a system that is used to classify jobs or professions into groups based on skill level and content.
Skills gaps	Employees or sole traders not having proficiency or skills to do their jobs to the required level.
Skills shortages	The difficulty in filling vacancies due to being unable to find applicants with appropriate skills, qualifications or experience.

SME	Small and Medium Enterprise – this is an organisation that satisfies two of the following three characteristics: a turnover less than £25m, fewer than 250 employees, and gross assets less than £12.5m.
Sole traders	A business structure whereby one individual runs and owns the whole business.
Sub-sector	Organisations working within specific fields that make up the larger sector. Within this context, the creative and cultural sector is made up of organisations that work within the fields of Music, Dance, Theatre, Literature, Visual and Combined Arts, Contemporary Craft, Circus and Carnival arts, Galleries, Museums and Libraries.
Upskilling	The process of learning new skills or of teaching employees new skills.
Vocational skills	Practical skills that help an employee master a trade or job.

03. INTRODUCTION

The creative and cultural industries are one of the mainsprings of the British economy with levels of growth for 2016 more than twice the average for the economy as a whole. Skills are key to sustaining this growth, and addressing current gaps and shortages is a priority to ensure the sector continues to thrive.

This report summarises primary research to assess the current and future skills needs of businesses in Arts Council England's (ACE) footprint. Creative & Cultural Skills on behalf of Arts Council England (ACE) commissioned CFE Research to undertake the assessment between May and December 2017.

Context, Aims and Objectives

Developed in 2010 and updated in 2013 to take account of Arts Council England's (ACE) expanded remit for museums and libraries, 'Great Art and Culture for Everyone'² sets out a 10 year mission and strategy for the creative and cultural sector. The strategy is underpinned by five key goals:

- **Goal 1 - Excellence:** *excellence is thriving and celebrated in the arts, museums and libraries*
- **Goal 2 - For everyone:** *everyone has the opportunity to experience and to be inspired by the arts, museums and libraries*
- **Goal 3 - Resilience and sustainability:** *The arts, museums and libraries are resilient and environmentally sustainable*
- **Goal 4 - Diversity and skills:** *The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled*
- **Goal 5 - Children and young people:** *Every child and young person has the opportunity to experience the richness of the arts, museums and libraries*

This skills needs assessment of the creative industries contributes to the achievement of Goal 4 by identifying the key issues and challenges in relation to skills currently faced by the sector. The prevalence of existing and likely future skills gaps and shortages are explored, along with the implications for the sustainability and growth of individual businesses and the sector as a whole. Leadership and management skills needs provide a particular focus but the needs across all occupations and sub-sectors within the creative

² Arts Council England, (2013). *Great Art and Culture for Everyone*. London: Arts Council England. Online at: <http://www.artscouncil.org.uk/great-art-and-culture-everyone>

industries are also explored. The findings will provide ACE with a fuller understanding of current and future skills issues in order to inform strategies to alleviate the challenges that businesses will likely face.

Methodology

In this context, the ‘**creative and cultural sector**’ is defined as businesses in the ACE footprint which encompasses firms categorised within the following Standard Industrial Classifications (SIC): Music, Dance, Theatre, Literature, Visual and Combined Arts, Contemporary Craft, Circus and Carnival arts, Galleries, Museums and Libraries. Businesses operating outside the sector that employ individuals in occupations that are within the ACE footprint are out of scope of this study. Given the prevalence of sole traders within the ACE footprint compared to other sectors, for the purposes of this study, the term ‘**businesses**’ includes sole traders.

The approach for the skills needs assessment was designed to ensure that findings were as representative as possible of the sub-sectors and the types of business within the ACE footprint, given the lack of a comprehensive sampling frame that accurately describes businesses within the sector. A mixed-methods approach was developed which comprised four elements:

- 1. A rapid review of key existing evidence on skills needs:** The rapid review was designed to complement an existing, more comprehensive systematic literature review of the evidence on the skills needs of creative and cultural sector commissioned by ACE. The primary purpose was to inform the development of the primary research instruments, in particular, to identify potential metrics for measuring skills gaps and shortages, as well as to contextualise the findings. Evidence on the English creative and cultural sector published since 2010 provided the focus for the review which briefly examined:
 - *the key drivers of skills needs within the creative and cultural sector*
 - *current skills needs, including leadership and management,*
 - *the prevalence of skills gaps and shortages; and*
 - *approaches to addressing skills gaps and shortages to meet the skills needs of the future*
- 2. Scoping interviews with key stakeholders:** A total of 12 semi-structured telephone interviews were conducted with representatives from key sector bodies. They provided insights into the skills challenges facing the sector and the potential implications for sustainability and growth, as well as strategies to address them. With interviewees’ permission, interviews were recorded to allow for full transcription. Transcripts were then analysed and coded thematically to assist in writing up research findings.

3. A large-scale survey of businesses: The questionnaire was designed in collaboration with Creative & Cultural Skills and ACE and incorporated key questions from the Employer Skills Survey (ESS). Therefore, this skills assessment uses a skills framework that has been used to assess organisational skills challenges across the wider UK workforce. However, this survey was nuanced to ensure its relevance for the creative and cultural sector, which included amending question wording and response options. As a result, direct comparison of findings to those of the ESS should be treated with caution. The survey was administered online, programmed to include intelligent routing and was thoroughly tested before dissemination.

A sample frame of businesses in scope for the analysis was constructed from databases held by Creative & Cultural Skills and ACE and included National Portfolio Organisations (NPOs), 'Grants for the Arts' applicants, and Creative Employment Programme (CEP) participants. The survey was administered online. The link to the survey was emailed directly to businesses, where contact details were available, and disseminated via sector bodies and stakeholders through newsletters and social media. A total of 879 responses was achieved. Details of the respondent profile is provided in Appendix 1.

Survey data underwent thorough cleaning and checking prior to descriptive and inferential analysis. Where there were sufficient survey responses, the analysis explored if different respondent characteristics elicited different results. Findings have been tested for statistical significance to ensure that any differences between groups are genuine, robust and can be reasonably considered to accurately reflect the population from which they were drawn. The report highlights only significant differences between groups.

4. Follow-up interviews with businesses: A recall question in the survey was used to recruit a sub-sample of businesses to take part in a follow-up interview to explore the issues raised in the survey in more depth. A total of 18 interviews were conducted with sole traders and leaders of businesses ranging in size and sub-sector. With interviewees' permission, interviews were recorded to allow for full transcription. Transcripts were then analysed and coded thematically to assist in writing up research findings.

This research explores current and future skills issues experienced by the creative and cultural sector. To do this, it identifies skills gaps and skills shortages, which are defined as follows:

- ***Skills gaps** relate to employees or sole traders not having proficiency or skills to do their jobs to the required level.*
- ***Skills shortages** relate to difficulties filling vacancies because of a lack of applicants with appropriate skills, qualifications or experience.*

Therefore, skills gaps can be described as ‘inward facing’ skills issues and skills shortages can be described as ‘outward facing’ skills issues.

This report

Following this introduction, we set out the context for the skills needs assessment in more depth, drawing on the rapid review of existing evidence. The primary research findings are summarised in sections 5 and 6 which explore current and future skills needs, respectively. We conclude the report by highlighting the factors that employers identify as potential risks to the continued sustainability and growth of the sector as well as the opportunities presented by technological innovation and globalisation.

04. THE SKILLS CHALLENGE

Despite its strong position in the economy, the creative and cultural sector is facing a number of skills challenges which could threaten the continued growth and prosperity of the sector. Here we outline some of these and their implications, drawing on a rapid review of existing evidence.

Key insights

- *There has been significant growth in the creative and cultural industries in recent years which has far outstripped the UK economy as a whole. **Identifying and addressing skills needs in order to sustain this growth is a key priority.***
- ***Rapid advancements in digital technologies** are breaking down barriers between the sector and its consumers. A **digitally literate workforce is needed** to capitalise on the opportunities this presents.*
- ***The sector has been slow to adapt and change to globalisation and advancements in technology.** There is a **lack of digital capacity** in both the leadership of and processes within the sector, at a time when demand for skills is increasing. This is leading to a gradual **intensification of skills gaps** which could inhibit growth*
- *Increased demand for key skills across all sectors has resulted in **greater competition** for a limited pool of skilled workers. The creative and cultural sector is characterised by **low levels of pay** and, as a result, often finds it more difficult to attract staff.*
- ***Difficulties recruiting staff, and a lack of workforce training** and continuous professional development (CPD) contribute to and exacerbate existing skills gaps and shortages.*
- *The development of **leadership and management skills** has been identified as an ongoing issue, particularly the ability of leaders adapt to new technology and develop their operating models and approaches.*
- *Sector bodies are working to address skills issues and attract a more diverse workforce through enhanced **information, advice and guidance**, the development of **alternative entry routes and support for leaders**, but challenges remain.*

The creative and cultural industries have witnessed significant growth in recent years. Between 1997 and 2007, the UK's creative sector grew at an average of 5 per cent per annum, compared to an average of 3 per cent across the economy as a whole.³ Since this period, the creative industries have consistently performed better than many other sectors in England. The continued growth has had a direct impact on overall employment in the sector. Employment increased by 83.5% between 1997 and 2013 compared with 10.6%

³ Shorthouse, R (ed.) (2010). *Disconnected Social Mobility and the Creative Industries*. The Social Market Foundation.

within total UK employment.⁴ Furthermore, the gross value added (GVA) of the creative industries increased by 6 per cent year on year from 1997 to 2014 compared to 4.3% for the UK Economy as a whole.⁵ The cultural and creative industries are now recognised as one of the mainsprings of the British economy and sustaining growth within the sector has become a key priority.⁶

Skills are integral to continued growth within the creative and cultural sector as they underpin productivity and innovation. It is, therefore, essential to understand current skills needs within the sector and to identify any skills shortages and gaps which could inhibit growth now and in the future. There is limited evidence of current skills needs, gaps and shortages within the ACE footprint and the creative and cultural sector more broadly. However, the evidence that is available suggests that current and likely future needs are centred on the development of a range of generic transferable skills, in addition to the creative or technical skills required to undertake specific roles within the sector.

Analysis by Nesta of online job advertisements identified the skills requirements for a range of creative jobs. Skills were categorised into clusters: support skills, creating and design skills, technical skills, teaching skills and marketing skills. The analysis revealed that most roles require skills from each of these clusters to a greater or lesser extent.⁷ This is particularly evident within certain sub-sectors such as the performing arts where it is common for employees to undertake a variety of roles, such as fundraising and programming, along with management and other business-related responsibilities.⁸

The creative and cultural industries are operating in an increasingly global and competitive marketplace.^{9,10} Digital technologies are breaking down the barriers between creator, curator and consumer and impacting on the ways in which organisations interact with their existing customers and reach new audiences.¹¹ The report *Building a creative nation* acknowledges that, as a result, the creative industry requires a new, digitally literate workforce to support and enable the sector to harness, promote and capitalise on the opportunities this presents.¹² High level digital skills will be required to enable businesses in the UK to develop their capacity to operate across a range of platforms and take advantage of new and emerging markets and global supply networks.¹³

⁴ DCMS. (2015). Creative Industries Economic Estimates,

⁵ DCMS. (2016). Creative Industries Economic Estimates, (December), 1–33.

⁶ Warwick Commission, 2015. Enriching Britain: culture, creativity and growth. Warwick: The Warwick Commission Report on the Future of Cultural Value.

⁷ Sleeman, C and Windsor, G. (2017). *A closer look at creatives*. [online] Available at: <http://data-viz.nesta.org.uk/creative-skills/index.html>. [Accessed 26/05/17].

⁸ Creative & Cultural Skills. (2010). *The Performing Arts Blueprint*.

⁹ Creative Skillset, (2011). *Sector skills assessment for the creative industries of the UK*. London.

¹⁰ Creative Skillset. (2010). *Strategic Skills Assessment for the Creative Industries*.

¹¹ Arts Council England, (2013). *Great art and culture for everyone*. London: Arts Council England.

¹² Creative & Cultural Skills (2015) *Building a Creative Nation: The next decade. What the current literature tells us about the future skills needs of the creative and cultural industries*.

¹³ The National Skills Academy and Creative & Cultural Skills, (2015). *Building a Creative Nation: The Next Decade*.

However, there is evidence to suggest that the current workforce is failing to adapt and respond to these changes, with particular skills gaps emerging in relation to database management and software development. There is also a lack of digital capacity in both the leadership of and processes within the sector.¹⁴ This is leading to a gradual intensification of skills gaps¹⁵ which could inhibit growth.¹⁶ In order to address this, ACE has set out a strategic plan to develop digital skills across the arts, museums and libraries sector to ensure it is able to adapt and respond to new ways of working in the future.¹⁷

Recruitment offers a potential solution to skills shortages. However, increased demand for key skills, such as ICT and digital skills, across all sectors within the economy has resulted in greater competition for a limited pool of skilled workers. Almost half of respondents to the ESS from the creative industries (47%) reported shortages in the digital skills area compared with 42% of employers overall and the proportion of vacancies that are 'hard to fill' within the sector is also increasing.¹⁸ When vacancies are hard to fill, it is important for businesses to retain the skilled staff they currently employ. However, low levels of pay, particularly for entry level roles and within some sub-sectors including performing arts¹⁹, along with low levels of investment in continuous professional development (CPD) can have a detrimental impact on staff retention, which exacerbates skills shortages.

CPD for staff in the workplace provides a mechanism for addressing skills gaps and shortages. However, the creative and cultural industries are characterised by a high proportion of small and medium enterprises (SMEs) and sole traders. Indeed, the most recent estimates suggest that 94.2% of UK Arts businesses have no employees, compared with 75.9% of businesses in the rest of the economy.²⁰ Levels of investment in training and development and business size are closely correlated. SMEs and sole traders have a tendency to underinvest in CPD for themselves (and their employees where appropriate) and face a number of challenges when accessing training, including time and cost. Furthermore, businesses in the creative and cultural industries tend not to think strategically about their current and future skills needs; as a result, many only access training when an immediate need arises.²¹

Poor initial education and training in creative subjects along with inadequate careers education and guidance are regarded as contributing to long-standing skills shortages in the creative industries.²² Sector bodies, such as Creative & Cultural Skills, have sought to address these issues and reduce the number of unfilled vacancies by supporting employers

¹⁴ Warwick Commission (2015). *Enriching Britain: culture, creativity and growth*. Warwick: The Warwick Commission Report on the Future of Cultural Value.

¹⁵ Creative Skillset (2011). *Sector skills assessment for the creative industries of the UK*.

¹⁶ Warwick Commission, (2015). *Enriching Britain: culture, creativity and growth*. Warwick: The Warwick Commission Report on the Future of Cultural Value

¹⁷ Arts Council England, (2013). *Great art and culture for everyone*. London: Arts Council England.

¹⁸ UKCES (2014). *Employer Skills Survey 2013: UK Results*

¹⁹ Creative & Cultural skills. (2010). *The Performing Arts Blueprint*.

²⁰ Farrell, BH, & Cruz, S (2017). *The Social and Economic Impact of innovation in the Arts*.

²¹ Creative Skillset (2011). *Sector skills assessment for the creative industries of the UK*. London.

²² Creative Industries Federation (2016). *Industrial Strategy for the Creative Industries*.

to adapt their recruitment practices and attract a more diverse range of skilled individuals. Currently, the sector is dominated by White men qualified to at least degree level. Networking²³ and unpaid internships²⁴ prevail as routes into the sector and this narrows opportunities for many non-graduates and those from lower socio-economic groups in particular. Initiatives such as the Creative Employment Programme (CEP) supported employers and learning providers to create alternative entry routes which are more attractive to the groups that are currently under-represented in the sector and equip young people with the skills employers need but perceive they often lack: most commonly generic skills such as ‘planning and organisation’, ‘customer handling’ and ‘problem-solving’ rather than ‘creative skills’.²⁵ Building on the legacy of CEP, Creative & Cultural Skills founded the new National College for Creative and Cultural Industries.²⁶ The National College, which is now run independently, will deliver specialist, high-level technical and vocational training at Levels 4 to 6 in order to address the skills gaps in the sector.²⁷

Effective leadership and management is key to the sustainability and growth of any business and the creative and cultural sector as a whole. Carty and Jennings²⁸ highlighted that those in leadership roles need a range of skills in addition to business management including: leading people, strategic planning, vision setting, lobbying, advocacy and influencing, effecting organisational change, and developing partnership and stakeholder relationships. *Character Matters*, a report by BOP Consulting,²⁹ examined the existing literature on the leadership skills needs of the museums sub-sector and identified a requirement for ‘resilience skills’ which include budget planning and fundraising along with the ability to diversify income streams and develop new operating models and approaches. These skills are particularly important in the context of the UK Government’s austerity policy that has resulted in budget cuts for key funders of the creative and cultural sector, including local authorities and Arts Council England.³⁰ The BOP report also identified the need for more distributed models of leadership which give individuals at all levels of an organisation the autonomy to take decisions and contribute to the effective operation of the business. In addition, business leaders will need to develop the skills to manage the digital change process within their organisation. However, the development of leadership and management skills has been identified as an ongoing issue, with managerial and professional occupations amongst those with some of the highest rates of skills gaps. Furthermore, there is concern amongst business leaders themselves about the particular skills needed to adapt to new technology and incorporate new ways of working in the next

²³ Brighton, R, Gibbon, C & Brown, S (2016). *Understanding the future of productivity in the creative industries Strategic Labour Market Intelligence Report*.

²⁴ Hesmondhalgh, D (2010) User-generated content, free labour and the cultural industries. *Ephemera* 10(3/4): 267–84.

²⁵ CFE Research (2017). *Creative Employment Programme Evaluation*.

²⁶ Department for business, innovation and Skills (2016). Government confirms £80 million for National Colleges to deliver the workforce for tomorrow. [online] Available at: <https://www.gov.uk/government/news/government-confirms-80-million-for-national-colleges-to-deliver-the-workforce-of-tomorrow>. [Accessed 12/06/17].

²⁷ Large, C (2014). New National College for the Creative and Cultural Industries. [online] Available at: <https://ccskills.org.uk/supporters/blog/new-national-college-for-the-creative-and-cultural-industries>. [Accessed 26/05/17]

²⁸ Carty, H and Jennings, H. (2014). *Scoping the leadership development needs of the cultural sector in England*. Report for Clore Leadership Programme and Arts Council England

²⁹ BOP Consulting (2016). *Character Matters: Attitudes, behaviours and skills in the UK Museum Workforce*.

³⁰ The National Skills Academy, & Creative & Cultural Skills (2015). *Building a Creative Nation: The Next Decade*.

2-5 years.³¹ Digital skills are one of the most frequently reported areas for development which directly apply to those in leadership roles.³²

Despite these challenges, the ESS suggests that employers (excluding sole traders) in the creative and cultural industries experience fewer skills-related issues when compared with businesses operating in other sectors and that the majority of jobs (87%) in the creative industries are being done by individuals who are skilled at the appropriate level.³³

However, this may change in the context of Brexit. Non-UK citizens fulfil important roles within the sector, particularly sub-sectors such as publishing and IT.³⁴ Existing skills shortages could be exacerbated if EU workers are deterred or prevented from working in the UK after it leaves the European Union.^{35,36} Given this uncertainty, it will be important to ensure that creative and cultural businesses receive support to address skills gaps and shortages through training and recruitment and that business leaders in particular are equipped with the skills they need to adapt and respond to change. This will involve fostering relationships between employers, schools and training providers in the further and higher education sector³⁷ and continued public investment in the creative industries.³⁸

³¹ The National Skills Academy, & Creative & Cultural Skills (2015). *Building a Creative Nation: The Next Decade*.

³² BOP Consulting (2016). *Character Matters: Attitudes, behaviours and skills in the UK Museum Workforce*.

³³ UKCES, (2015). UK Employer Skills Survey 2015.

³⁴ Labour force survey (2016)

³⁵ Creative Industries Federation (2016). *Industrial Strategy for the Creative Industries*.

³⁶ Sleeman, C and Windsor, G. (2017). A closer look at creatives. [online] Available at: <http://data-viz.nesta.org.uk/creative-skills/index.html>. [Accessed 26/05/17].

³⁷ Creative Industries Federation (2016). *Brexit Report*.

³⁸ Creative Industries Federation (2016). *Industrial Strategy for the Creative Industries*.

05. CURRENT SKILLS NEEDS

Existing evidence highlights gaps and shortages in the creative and cultural sector in relation to both technical and generic business skills. This chapter explores the prevalence of these gaps and shortages; the perceived causes; ways in which they impact on staff, businesses and the sector; and how they are being addressed.

Key Insights

- A third of creative and cultural businesses report current skills **gaps**; a similar proportion report current skills **shortages**. These are most prevalent in medium to large businesses.
- **Generic, transferable business skills gaps and shortages** are more common than gaps and shortages in specialist creative skills, in particular, marketing and communication, digital skills and financial skills such as fundraising. There is, however, concern over the **future sustainability of ‘master crafts’** as experienced workers age and leave the sector.
- **Skills gaps and shortages impact existing staff and businesses** by increasing their workloads. They limit a businesses’ ability to create new outputs, products and services and, in the most extreme examples, result in production ceasing.
- Businesses are attempting to **address skills needs through training and recruitment**. However, some businesses find it difficult to attract applicants with the required skills, attitude, and motivation. In a competitive labour market, creative and cultural businesses are often not able to match the salaries, terms and conditions offered in other sectors; many are not able to resource training and CPD for existing staff. These are particularly tricky issues to overcome, which are exacerbated by reductions in public funding.
- ‘Leadership’ represent a significant skills gap in the sector. Recruiting senior staff with **both a creative background and leadership skills** presents a particular challenge and is acting as a barrier to addressing skills gaps and shortages at the senior level.
- Leaders recognise that **‘technological change’ will be important for the future viability** of their business, yet over a third of leaders lack confidence in their ability to lead this change.
- There is **lack of succession planning** in many organisations to mitigate the impact of existing leaders leaving. If this continues, this presents a key risk and could potentially exacerbate existing skills gaps and shortages at the senior level.
- Effective ways to address skills issues in a competitive labour market include **outsourcing work that cannot be done in-house, the development of strategic partnerships and working in collaboration** with other organisations and businesses.

To better understand the current skills needs within the sector, this skills assessment sought to understand what skills gaps and skills shortages employers and sole traders are currently experiencing.

Skills Gaps

INCIDENCE OF SKILLS GAPS

The survey asked respondents to indicate if their employees were fully proficient in their jobs. Sole traders were also asked if they had all the necessary skills to be fully proficient in their roles. A third of both sole traders (32.3%) and employers (34.2%) experience skills gaps (33.3% of businesses overall). However, Figure 1 highlights that almost three times as many medium to large employers (those with 25 employees or more) experience skills gaps compared with micro employers (those with up to 9 employees).

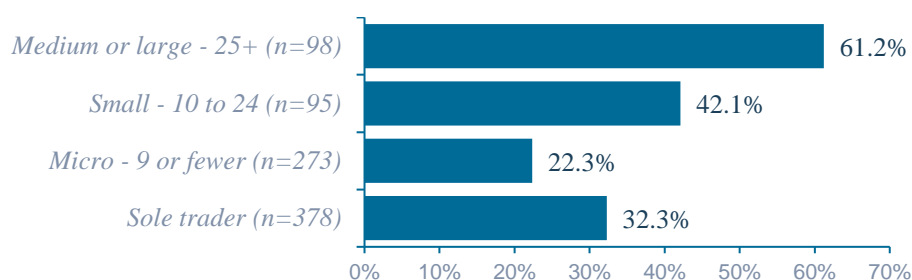


Figure 1: Proportion of businesses experiencing skills gaps by employer size (bases variable)

The proportion of employers facing skills gaps (34.2%) is higher than the figure presented in the ESS, which found that 14% of employers (excluding sole traders) in England and 12% of employers in arts and other services experienced skills gaps.³⁹ These findings suggest that skills gaps are more prevalent in the sector than previously thought, and that employers in the creative and cultural sector could be twice as likely to experience skills gaps compared with employers in the wider workforce. However, comparison with sectoral level data from the ESS should be made with caution given issues of definition of the sector.

DENSITY OF SKILLS GAPS

In order to understand the scale of skills gaps affecting businesses in the creative and cultural sector, survey respondents were asked what proportion of their employees were fully proficient in their job roles. On average, 9.5% of businesses reported that their employees had skills gaps. This figure is almost double the figure reported in the ESS, which found that on average 5.5% of employers' employees had skills gaps, and it is three times the figure reported for arts and other services (3.8%), although such comparison should be taken with caution given the definitional differences.⁴⁰

³⁹ UK Commission for Employment and Skills (2016) *Employer Skills Survey 2015: UK Results: Evidence Report 97*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525444/UKCESS_2015_Report_for_web_May_.pdf

⁴⁰ UK Commission for Employment and Skills (2016) *Employer Skills Survey 2015: UK Results: Evidence Report 97*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525444/UKCESS_2015_Report_for_web_May_.pdf

Again, further analysis reveals differences by employer size. The findings indicate that larger organisations have a higher incidence of skills gaps and a higher density of skills gaps (Figure 2).

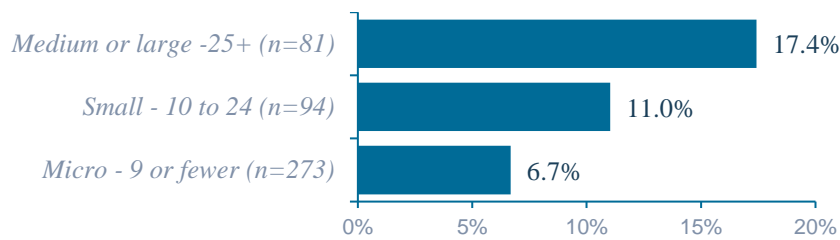


Figure 2: Average proportion of employees with skills gaps by employer size (bases variable)

Examination of this data by occupation indicates that a higher proportion of employees in lower occupational roles have skills gaps compared with those in higher occupational roles (Figure 3). However, it should be noted that some of these group sizes are small. Further analysis by employer size highlights that medium or large organisations have a higher proportion of managers, directors or senior officials with skills gaps (13.6%) compared with small and micro employers (4.4% and 5.4%, respectively).

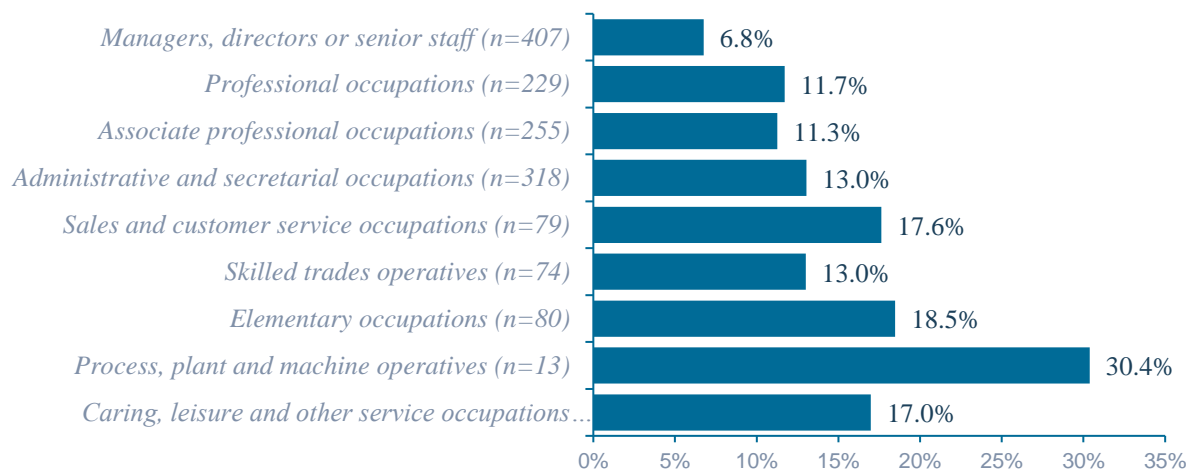


Figure 3: Average proportion of employees with skills gaps by occupation (bases variable)

NATURE OF THE SKILLS GAPS

The survey asked employers which skills their employees needed to develop in order to address current skills gaps. Employers were asked to comment on three groups of skills:

1. Sector-specific skills (a group of skills devised based on the findings from our scoping research)
2. General skills
3. People skills

Sole traders were asked an open response question to determine which skills they themselves needed to develop in order to address their own skills gaps.

Sector-Specific Skills Issues

Amongst sector-specific skills, employer survey respondents identified a range of skills gaps (Figure 4). Almost half (45.0%) of employers reported that vocational skills relating to business support occupations required development, over two-fifths (43.8%) of employers indicated that fundraising skills were an area for development, whilst approximately a third reported that partnership working skills (35.6%) and creative digital skills for marketing art (31.3%) required improvement. When considering these sector specific skills issues, sole trader survey respondents most commonly reported that they would like to develop their fundraising skills. Sole traders also explained that they struggled with writing applications for grant funding and would like to understand how they could diversify funding streams such as gaining sponsorship from the private sector.

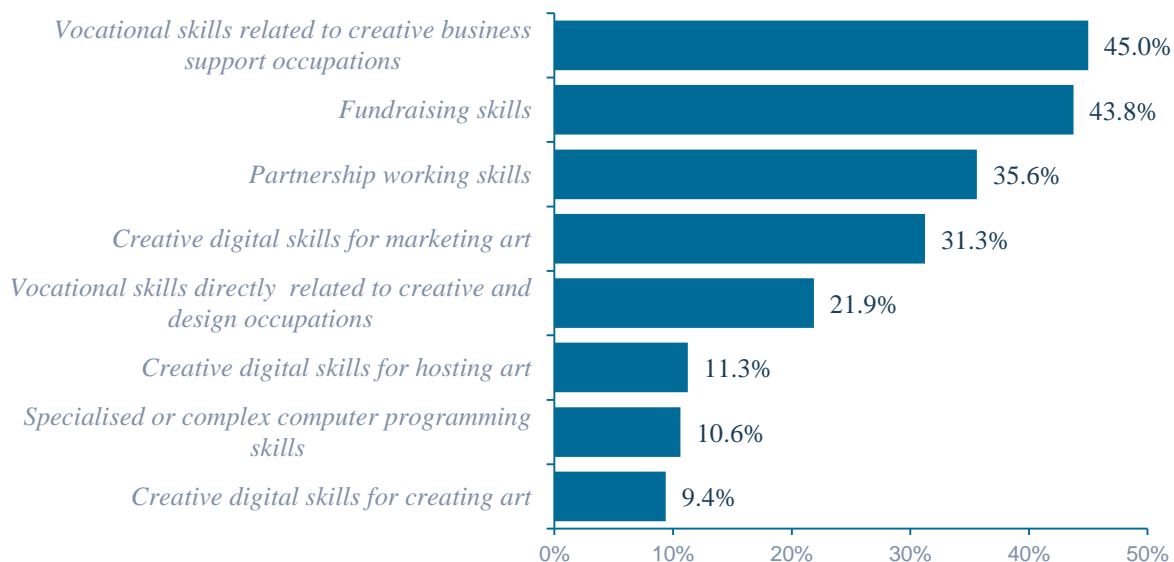


Figure 4: Sector specific skills gaps amongst employer survey respondents (base=160)

The majority of interviewees focused on gaps relating to **business support skills** such as financial management and strategic planning. This includes sole traders who perceive that they lack the necessary skills to grow their business, and employers who feel that their staff had some skills in this area, but did not have a broad range of business skills.

"I'm dealing with quite a few makers who are, sort of, mid-career and doing quite well. There seems to be a lack of any kind of assistance or skills for them to take their business and scale it up ... How to get from being a lone maker into somebody who employs a few people and can go into the next chapter. A lot of them are getting opportunities all around the world but they don't quite know how to take full advantage of those opportunities that are coming their way."

— Follow-Up Interview, Sole Trader, Contemporary Crafts

“[Practitioners] need skills support in terms of business development, in all aspects of business development. Finance, marketing, social media. You know, strategic planning. All of those sorts of things.”

— Scoping Interview, Employer, Combined Arts

Fundraising skills are also one of the key skills gaps reported by interviewees. Fundraising is felt to be a notable gap for those with an artistic background, as they are unlikely to have had access to training or guidance in this area and may be unaware of who to approach for this.

“There isn’t a general understanding amongst makers certainly about how to go about funding and how to write proposals and who to approach.”

— Follow-Up Interview, Sole Trader, Contemporary Crafts

However, fundraising is just part of the bigger issue of financial planning. The sector is characterised by businesses repeatedly applying for small pots of funding for specific projects. Interviewees explained that businesses would benefit from a more strategic approach to funding which targeted commercial sources in addition to traditional creative and cultural sector funding and helped contribute to financial sustainability in the sector.

“I would say...working on sustainability and financial planning, financial modelling, we don’t have that, and there’s also a lack of understanding about the need to be sustainable and to plan that way. There is an over-reliance on funding.”

— Follow-Up Interview, Employer, Literature

Another interviewee who believed that their employees were able to write good bids and secure funding agreed that the skills gap in this area related to a lack of strategic approach to fundraising.

“We’re quite a mature organisation, our fundraising has quite a lot of success, and I think what we’ve found that we’ve struggled is getting fundraisers who can work really strategically.”

— Follow-Up Interview, Employer, Museums

Several interviewees reported sector-specific gaps emerging around **the creative use of digital skills**. Some felt that there was a gap in terms of possessing the technical skills required to create or perform their art, but there was also an increasingly evident issue of not having the digital skills necessary to respond to changes in demands of work that required a more digital approach to production. This was more pronounced in sub-sectors where digital work is still relatively new, such as museums and libraries.

“I think that traditionally, your museum would have some technical staff who would be painting walls, building plinths, building places, constructing things, that sort of thing. Whilst there is still an element of that involved, increasingly it’s about being able to operate and provide perhaps digital equipment or complex electronic work.”

— Follow-Up Interview, Employer, Museums

General Skills

When considering general skills (Figure 5), business marketing and communications skills were most commonly reported as an area for development with over half (53.1%) of employer survey respondents selecting this as a skills gap for their organisation. Interestingly social media skills were reported by two-fifths of respondents (40.0%), which are important for marketing and communications. Problem solving skills (47.5%), communication skills (46.9%), and finance skills (40.0%) were also commonly reported as skills gaps by employers. Sole traders often referenced the difficulty they have in needing to be proficient in dealing with all areas of their business; their key development areas largely mirror these findings with finance, and business marketing and communication skills being their skills development areas. Sole traders outlined that they lacked a range of finance skills such as budgeting, accounting and fundraising skills – as previously outlined. They explained that they were not able to financially evaluate or forecast finances for their business. In addition, linked to finances, sole traders also reported the difficulty they face in developing strategies and business plans to propel their business forward. With regard to business marketing and communications, sole traders explained that they lacked the skills needs to effectively promote their business to drive sales.

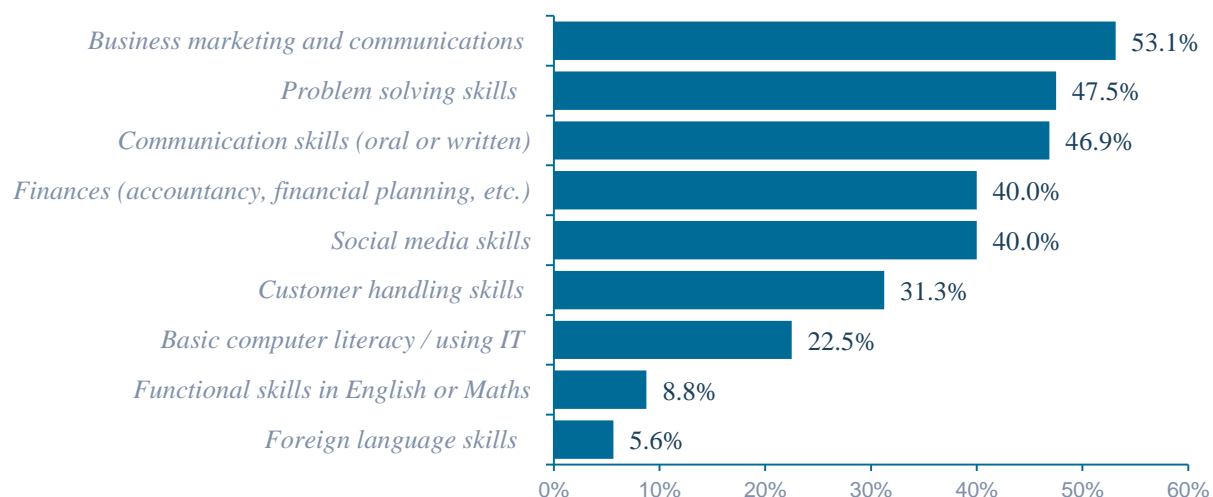


Figure 5: General skills gaps amongst employer survey respondents (base=160)

Several interviewees made specific reference to skills gaps in business marketing and communications. One interviewee explained that this gap was “really key” for them. This gap is thought to result from changing working practices in the creative and cultural industries and changes in the ways that the public interact with the sector. For example, an

interviewee from the libraries sector reported that it is more around marketing in response to what the community want rather than traditional marketing of products and services. Social media is an area where respondents feel that there is a skills gap, as it is seen as an essential method for promoting and marketing work and also engaging with communities and potential audiences. Again it is not simply about the issue of *possessing* digital skills, but *knowing how to use these effectively* in a rapidly changing digital space, as outlined by an interviewee:

“It’s not necessarily just about knowing how to use technology, it’s about having that enquiring mind to be able to use the technology effectively.”

— Follow-Up Interview, Employer, Libraries

People Skills

Skills gaps relating to dealing with other people elicited the highest proportion of responses from employer survey respondents (Figure 6). Nearly two-thirds of employers (60.6%) report that their employees need to develop skills to manage their own time and prioritise tasks, and almost half (47.5%) report that their employees need to develop skills to manage and motivate other staff and develop their team working skills (45.0%). Skills to persuade or influence others (41.9%) and management of own or others feelings (39.4%) are also identified as common development areas. Sole traders infrequently report skills gaps in these areas.



Figure 6: Skills gaps relating to dealing with other people as reported by employer survey respondents (base=160 for all options except for ‘managing or motivating unpaid staff’ which=125)

Skills relating to **working with other people** were also discussed by interviewees. In particular, moving into leadership and management positions could create difficulties for staff with an artistic background that were then required to manage other people, as interviewees explain:

"When it does come to practicing artists that become senior members of staff, and therefore then have responsibility for other members of staff, the line management skills and that actually managing other people isn't always necessarily a strength with them. I certainly found within my own organisation that is quite an obvious gap."

— Follow-Up Interview, Employer, Music

"[we are] still quite desperate for good managers and leaders in the sector. The idea that you're, an expert in your field does not necessarily translate in you being a good line manager, a good people developer, a good budget manager, a good risk controller, a good fundraiser, a good advocate for the organisation."

— Scoping Interview, Employer, Visual Arts

SKILLS GAPS AMONGST THE SECTORS' LEADERSHIP

In order to explore leadership skills in the sector, the survey asked leaders from employer organisations to what extent they agree with a set of statements linked to leadership in their organisation and the wider sector. Figure 7 highlights that no respondents strongly agree with any of these statements and only a minority agree to them. Nearly two-thirds of respondents strongly disagree or disagree (40.5% and 22.5%, collectively) that their organisation has good succession plans in place in case senior leaders leave the organisation; two-fifths of respondents strongly disagree or disagree (19.5% and 21.0%, respectively) that senior leaders in their sector have the business planning skills to adapt to change; and the majority of respondents (88.4%) neither agree nor disagree that their organisation has a good understanding of the skills required from their workforce. This indicates that leadership in the sector perhaps needs some development so that organisations can address skills issues.

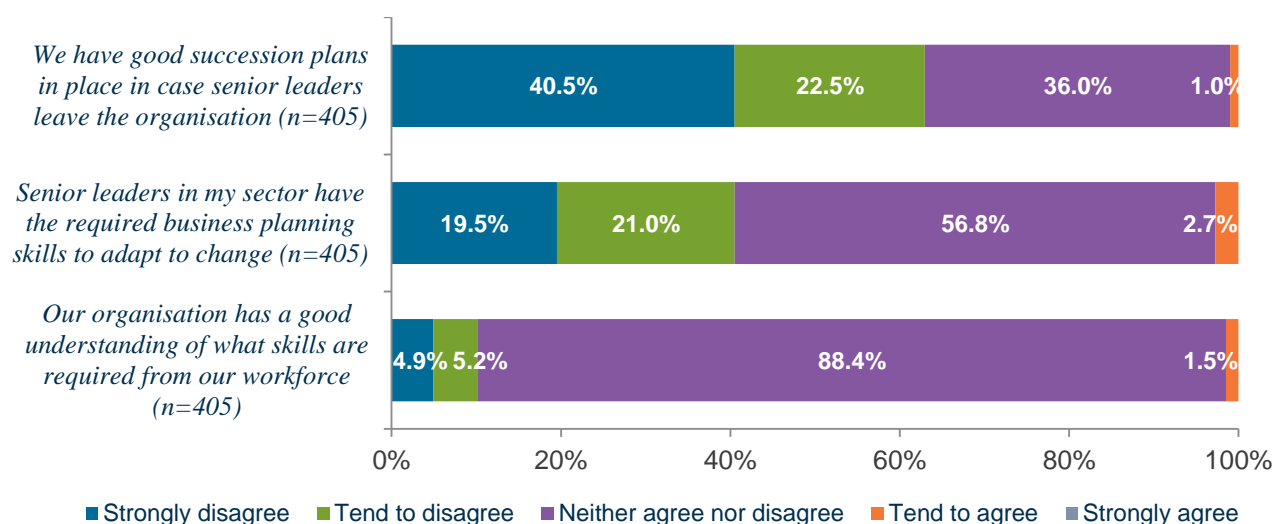


Figure 7: Leaders' agreement with a range of statements regarding their organisation's leadership and policies

The survey also asked leaders to assess the importance of key issues for their organisation's future viability and subsequently asked them to assess how confident they were in their ability to lead their organisation through these changes. Figure 8 outlines the perceived importance of these issues and Figure 9 explores the level of leaders' confidence in responding to these changes. Figure 8 shows that the majority of respondents assess all issues as being fairly or very important – with leading cultural change taking precedence.

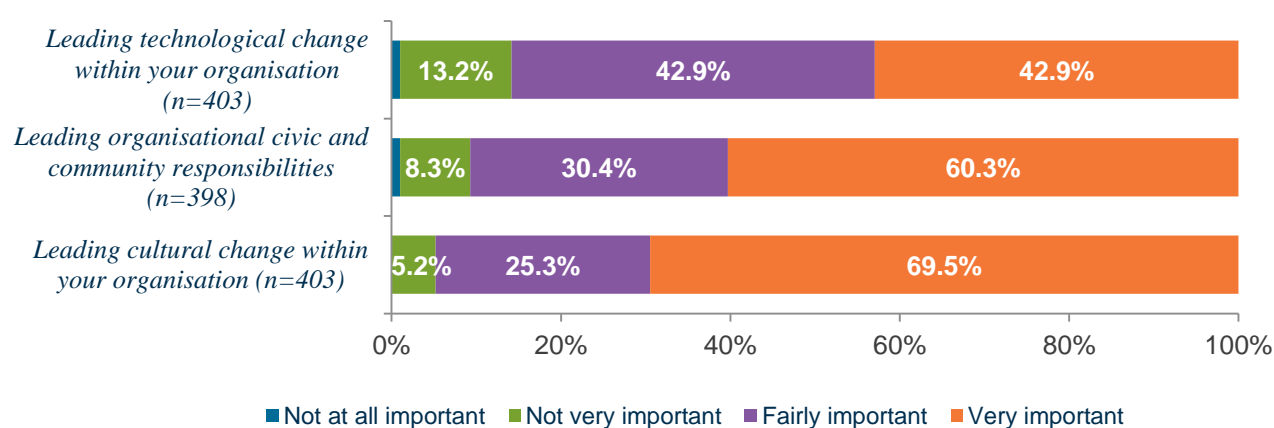


Figure 8: Perceived importance of key issues for the future viability of leaders' organisations (bases variable)

Figure 9 shows that the majority of respondents are fairly confident or very confident in their abilities to lead cultural change or organisational civic and community responsibilities. However, whilst the majority of respondents perceive that leading technological change is fairly or very important to the future viability of their organisation, over a third (37.2%) of leaders were not very confident or not at all confident in their ability to lead this change.

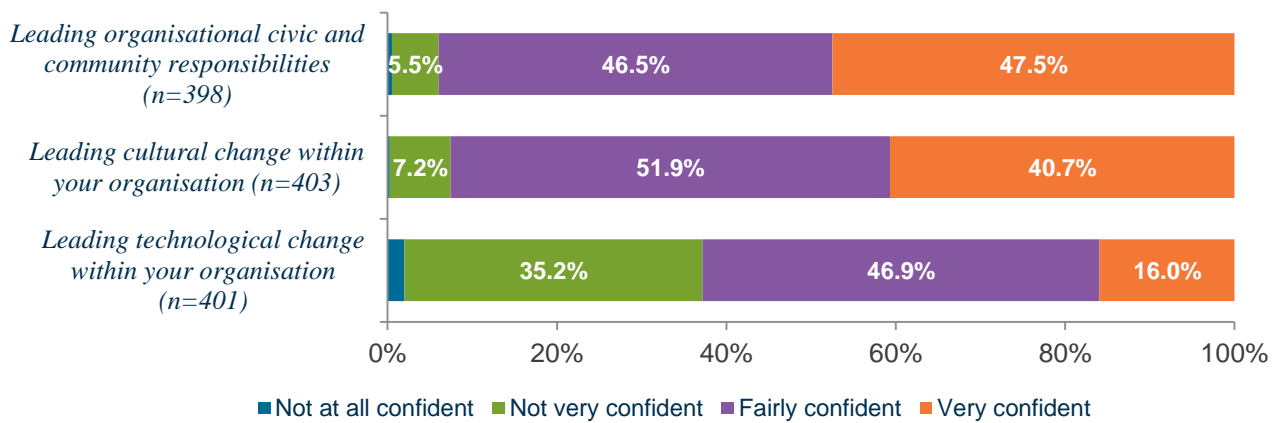


Figure 9: Leaders' confidence in leading key issues within their organisation (bases variable)

Leadership skills were also explored through the interviews. When asked about leadership in their organisation and the sector more generally, the majority of interviewees suggested that **leadership skills represented a significant skills gap** in the sector both currently and going forward, which perhaps reflects the uncertainty portrayed by survey respondents in Figure 7. A lack of experience seems to be the main cause of this skills gap, as interviewees explained that it is typical for people to work their way up through middle management into leadership roles rather than being recruited because of their specific leadership skills.

"A lot of people come through from making and then, kind of, fall into leadership and administration stuff, and they don't necessarily have a background in it. Not that they shouldn't do it, but they might be a need for training in those areas to just bring the skills up to scratch, and fundraising is a big one."

— Follow-Up Interview, Sole Trader, Contemporary Crafts

Interviewees do not think that there are any specific leadership qualities that leaders in the sector lacked, but feel that they often lack **the breadth of skills** required for these positions, particularly in small organisations where many different demands are placed on the role of a leader.

"In smaller organisations one individual will be doing a multiplicity of tasks and will need to be able to draw on a much broader range of skills than has hitherto been the case... What we notice is that we don't tend to see those well-rounded applicants with a range of different experiences, though our museum directors would need to be able to open up the museum in the morning, give tours, be on the shop floor, as well as writing a business plan and producing a fundraising application. They need to be able to do all of those different things."

— Follow-Up Interview, Employer, Museums

In addition to requiring a breadth of skills, creative sector employers feel that the combination of business skills essential for good leadership and the creative attributes that attract people to the arts is very difficult to find. The balance between the two is deemed essential – one interviewee explained that having *only* a commercial or a creative background would be problematic, highlighting the need for both.

“There are a lot of people coming to the sector because they do love literature, which is great, but if you can’t manage a business or make money it doesn’t matter how much you love literature, you’ll still fail... It sort of straddles, strategy, policy, finance, all of the core skills that you actually need to run a business, from governance through to finance ... I think it’s vital that there is an artistic connection. If there’s no empathy between the incoming manager and actually what we-, you can be as efficient as you want to be and you can drive up the profit, but we are not here ultimately to deliver profit. We’ve got a double or triple bottom line and it doesn’t have sympathy for the artistic vision and mission of the organisation, it just doesn’t work and nobody believes them, and there’s no credibility there.”

— Scoping Interview, Employer, Literature

As well as being a current skills gap, interviewees recognise the importance of addressing leadership skills gaps for the future survival of the sector. Interviewees suggested the need to invest in training for leaders.

“More broadly in the sector, I think leadership is definitely an area that requires additional investment and the whole range of different aspects of that in terms of skill base. Having a cohort of highly-effective advocates for the cultural sector is really important for its longer-term survival and so that ability to, kind of, distil and communicate a vision to a whole range of different people and bring them along with that vision is really important.”

— Follow-Up Interview, Employer, Museums

Most discussions alluded to the need for more leadership that is willing to embrace change, to reflect potential future changes in the sector. Businesses perceive that this would require a greater emphasis on partnership working and co-creation in leadership, and that the ambiguity around the future of the sector means that leaders need to be able to thrive on uncertainty and be responsive to change.

“I think the leadership side of things is that, increasingly, it’s going to be about having to change an organisation’s culture, change an attitude with an organisation, and that requires a particular sort of leadership. You know, it’s not simply a matter of being able to do the bean-counting or whatever. It’s actually being able to take the majority of

your staff with you on a journey in a direction that they may not actually be that keen on going on to start with, but I think that requires different sorts of leadership skills.”

— Follow-Up Interview, Employer, Museums

Effectiveness of Organisational Governing Bodies

The majority (85.2%) of leaders from employer organisations report that their organisation has a governing body or board of governors. Leaders were asked to assess the effectiveness of their organisation’s governing body or board against a range of responsibilities. Figure 10 highlights that the majority of leaders assess that their organisation’s governing body or board of governors were fairly or very effective across all responsibilities, particularly in relation to finances and strategy. However, in line with other findings within this research, over a quarter (28.4%) of respondents rate their governing body or board of governors as ‘not at all’ or ‘not very’ effective (2.5% and 25.9%, respectively) at adapting to technological change.

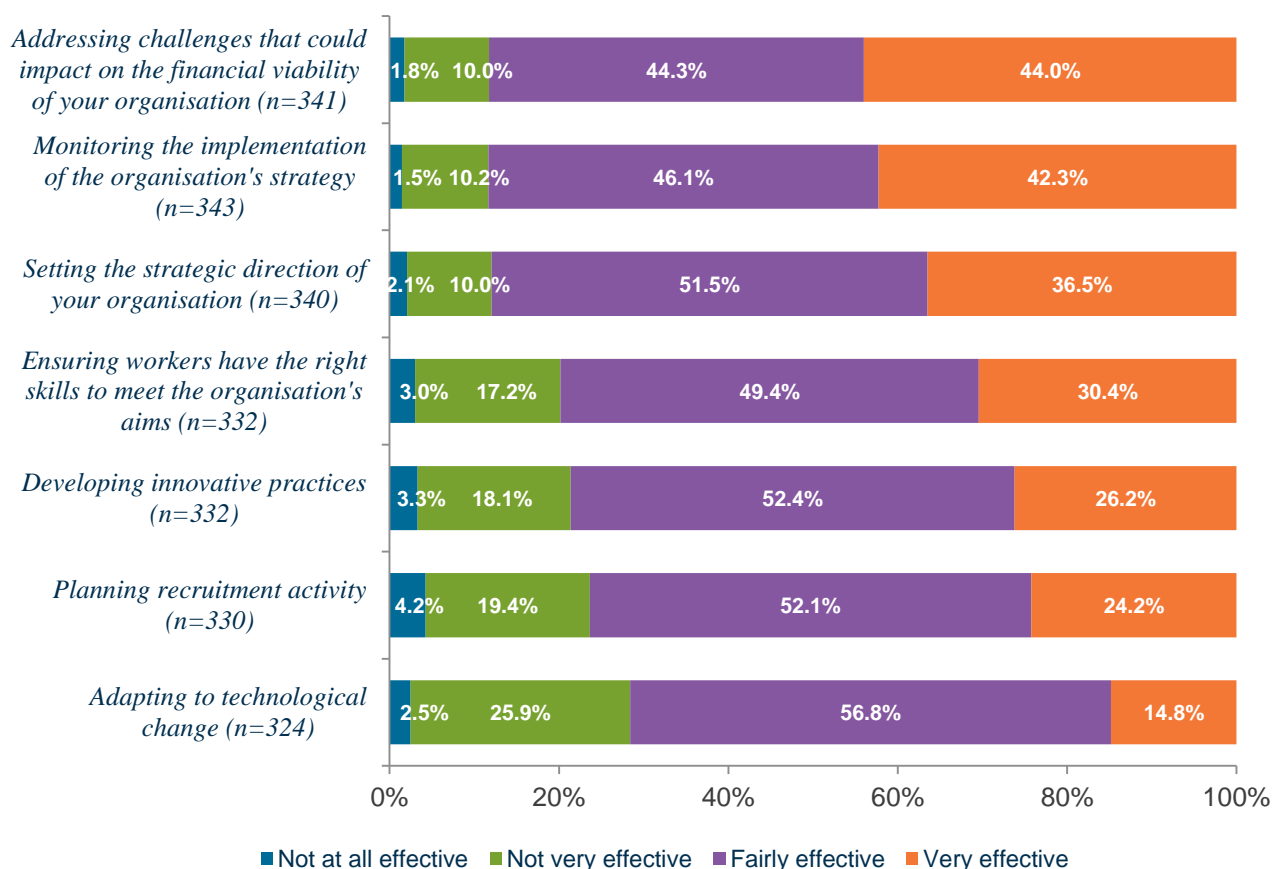


Figure 10: Effectiveness of organisational governing bodies (bases variable)

Leaders were also asked to identify whether they would like to make any changes to their organisation’s governing body from a pre-coded list of options. Figure 11 shows that leaders most commonly want to diversify the demographic (64.1%) and sector backgrounds (49.0%) of directors or trustees. Only a tenth (10.7%) of leaders selected that

they did not want to make any of these changes. Leaders were also asked to assess how difficult it would be to achieve these changes (Figure 11). Nearly half of leaders (45.0%) identify that it would be difficult to diversify the demographic backgrounds of their directors or trustees. Interestingly, whilst only a third (35.4%) of leaders reported that they would like to increase the level of technological experience amongst directors or trustees, a fifth (21.2%) assessed that this would be difficult. This perhaps links back to leaders lack of confidence in leading technological change overall, as outlined in Figure 9 above.

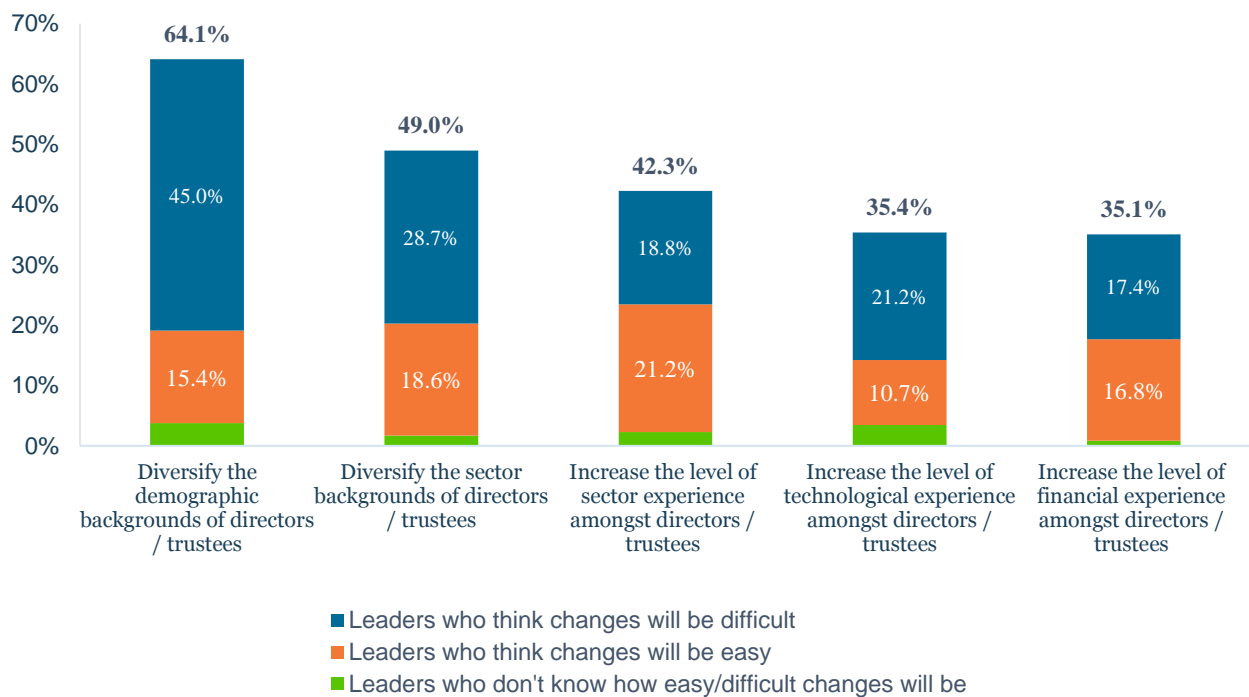


Figure 11: Proportion of leaders who would like to make to their governing bodies/boards and the perceived difficulty of making such changes (base=345)

CAUSES OF SKILLS GAPS

Employers attribute their employees' skills gaps to a range of causes. Figure 12 highlights that being new in role is the most common reason, as reported by over half of respondents (55.9%). New working practices (37.9%) and incomplete training (34.8%) are also reported by approximately a third of respondents. Over a quarter of respondents attribute the cause to the introduction of new technology (27.3%) and not being able to recruit staff with the required skills and qualifications (25.5%).

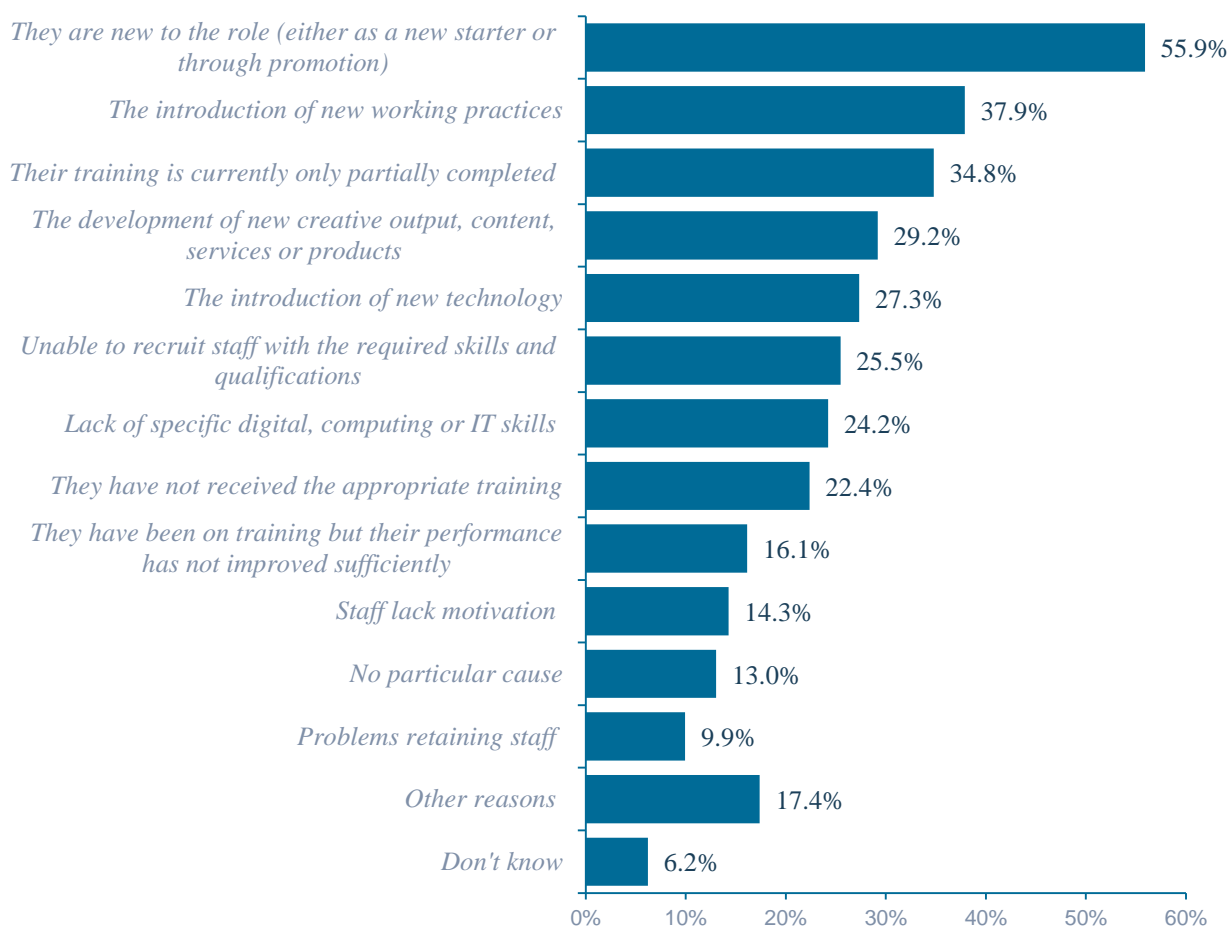


Figure 12: Causes of skills gaps amongst employer survey respondents (base=161)

During the interviews, employers discussed possible reasons for skills gaps at length. These can be broadly grouped into three different categories:

1. Sector-level causes.
2. Organisational-level causes.
3. Staff-level causes.

Sector-level Causes

Interviewees most commonly report skills gaps relating to business skills, such as marketing, communication, financial management and recruitment. Two possible reasons are given for this. Firstly, there is the notion that the creative and cultural sector does not value business skills in the same way as it prioritises creative skills.

"We've got a culture in our sector of identifying the creativity and creative and cultural outputs, and not paying enough attention to what it actually means to run a good business, and the skills and expertise that are needed to do that."

— Scoping Interview, Stakeholder

Secondly, several interviewees who highlighted this type of skills gap feel that it is caused by a lack of attention given to this in vocational training. Courses are believed to focus on the creative aspect rather than how to survive as a sole trader or contribute to the running of a business.

“I think the training that happens in our area particularly has changed. I think they’re training people to work for other people, and not training people to work for themselves. So, people are coming out with a skillset that isn’t appropriate to the business layout of how the [area] works particularly within the creative sector.”

— Follow-Up Interview, Sole Trader, Theatre

The relatively low salaries offered in the creative and cultural sector is commonly perceived to be a sector-wide cause of skills gaps (and also skills shortages, as explained later in this chapter). Employees leave the sector, attracted by higher salaries elsewhere, and this exacerbates skills gaps within organisations.

“If you’ve got people with computer skills and software development skills, and people who can work with digital art forms, they could earn a lot more money going somewhere else and in the private sector.”

— Scoping Interview, Employer, Visual Arts

In terms of skills gaps in leadership roles, several interviewees feel that the creative and cultural sector expects too much from their leaders and managers. They are expected to have a range of leadership skills but also have creative insight. It was suggested that this is very difficult to find. Skills gaps are therefore likely to exist at this level because the role requires such a broad and yet specific skillset.

“There’s an issue, I think, for me about an expectation at senior level in the creative and cultural sector that somebody should be able to do it all before they even arrive in a job ... You’re looking for somebody who can have the artistic vision, who can work with artists, curate festivals and all kinds of things, but they also are the chief executive, so they’re also expected to have skills in finance, in personnel, in management structures. That’s quite a complex, particular requirement of skills.”

— Scoping Interview, Employer, Dance

It should also be noted that two-thirds of all survey respondents (66.8%) had taken on unpaid staff within the last year. Interestingly, over half of sole trader respondents (54.7%) had done so, compared with three-quarters (75.9%) of employer respondents. This can be explored further by type of unpaid role. Overall, nearly two-thirds (63.1%) of respondents have taken on volunteers, whilst 15.0% have taken on unpaid interns and 9.7% had taken on other unpaid staff. The same pattern can be observed when splitting these differences

by sole traders and employers, as outlined in Figure 13, which shows that a higher proportion of employers take on volunteers and unpaid interns than sole traders.

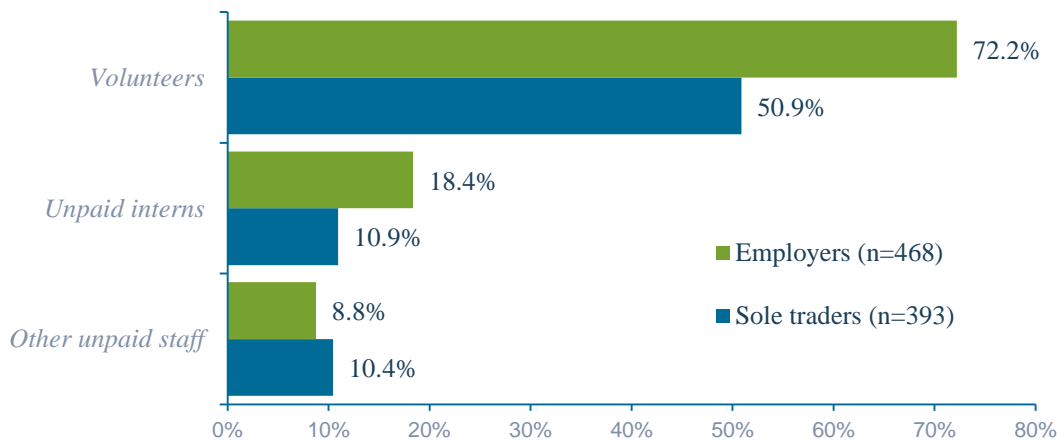


Figure 13: Proportion of sole traders and employers who took on unpaid staff in the previous year (bases variable)

Several employers and sole traders discussed how their volunteer base was essential to enhance their capacity, but are conscious of not becoming reliant on this section of the workforce.

“Actually in many libraries the person you will talk to when you walk through the door is actually now a volunteer, rather than a paid member of staff. Certainly the skills of volunteers is something we are very conscious of, because there are now so many libraries where you’ve either got volunteers working alongside paid staff, or you have community managed libraries where all the people working in the library are actually volunteers. That’s something we’re very conscious of as well.”

— Scoping Interview, Employer, Libraries

There is a recognition that providing professional development opportunities for industry volunteers is essential in return for their contribution, and employers are still working out the best way to do this without impacting even more on their time or making them do training that they do not actually want to do. Further, organisations (and even sub-sectors) that rely on volunteers run the risk of facing further skills shortages if they leave.

“The most important part of our staffing is our volunteers. We have 80 volunteers who do a lot more than any other venue I’ve come across. They run the box office, they run the bar, they do all the stewarding and a lot else, so without them, we wouldn’t be here ... [it’s] not so much the absence of skill, it’s the lack of funds to be able to pay for the professionals that we need to supplement the volunteer effort. You know, we draw upon skills of the volunteers for all sorts of things.”

— Follow-Up Interview, Employer, Combined Arts

Organisational-Level Causes

Interviewees explain how skills gaps have developed in their organisation as job roles have changed, expanded or been combined. For example, in the libraries sub-sector, the role of a librarian has changed and many librarians now effectively do a very different job to the one they did at the start of their careers. Staff need to develop new skills in order to adapt to the changing nature of their roles and workplace and in order to prevent skills gaps emerging.

“You’re trying to up-skill people to the extent that they’re not-, particularly for our library staff, who are librarians, a lot of them, but now they’re having to be everything. They’re having to be cultural development, they’re having to be dealing with behaviour, they’re having to deal with issues, you know, all sorts of things.”

— Follow-Up Interview, Employer, Libraries

In addition to the evolving nature of job roles, a major issue – particularly for small employers – is simply not being able to afford to take on staff to fill the skills gaps that they have identified.

“We’re getting to the point where we could really do with particularly an admin, you know, two days a week or whatever, but we haven’t quite got the financial capacity to maintain that yet.”

— Follow-Up Interview, Sole Trader, Theatre

Tied closely to this, several employers feel that skills gaps exist in their organisation because they lack the capacity to release staff to attend relevant training courses. Small organisations with frontline staff in particular struggle to cover training time, so upskilling current staff to fill identified gaps is difficult.

“I have to find the backfill when they’re on their training course of a day a week. So, yes, it becomes quite a strain on the front line, basically, but it’s easier for people who aren’t tied to a desk, tied to public service.”

— Follow-Up Interview, Employer, Libraries

Furthermore, organisations may be unwilling to prioritise training, which was also reported by sole traders. Committing time to training and learning new business skills such as social media and marketing is felt to be problematic as this takes time away from what they see as their primary task – creating.

“Organisations don’t necessarily prioritise training... People work very hard, they work for long hours. They don’t necessarily have the time to do training as well. People try and prioritise the creative aspect of jobs, because that’s what they love and that’s what gives them energy and satisfaction, so people don’t tend to think about the other aspects of the job.”

— Scoping Interview, Employer, Combined Arts

Overall, particularly for sole traders and small employers, filling skills gaps by hiring specialist staff or upskilling their current workforce is not regarded as financially viable.

“As a small organisation it’s a challenge, one of the big challenges is, the staff development budgets aren’t great, and it is a bit picking and choosing.”

— Follow-Up Interview, Employer, Music

Staff-level Causes

Interviewees explained that the cause of skills gaps sometimes specifically relates to the individuals in question. Crucially, many employers and sole traders feel that people working in creative and cultural organisations often lack the level of experience required to fill existing skills gaps. This pertains to both leadership skills, but also lower level skills too.

“I just think there’s a lack of experience at running businesses because most of us are much smaller than my business, and there are very, very many sole operators and micro enterprises, none of whom hit the radar.”

— Scoping Interview, Employer, Literature

“I think the issue with lots of them, in my eyes, is that a lot of people don’t arrive with them [skills]. They pick them up through experience on the job.”

— Follow-Up Interview, Employer, Museums

Another factor here is the nature of the workforce in the sector. Particularly in performance sub-sectors, interviewees reported hiring mostly freelance staff who have their own specific set of skills that they contract out, so might be less willing to develop their skillset, particularly if time spent training would mean a loss of income. Obviously this is less problematic for employees.

“I think it’s about the freelance life... If you can scrape through and you can still continue to get jobs and just kind of manage that’s what you’re going to do, because taking the time off in order to skill up has a significant impact on your income. They haven’t got an employer who gives them the time or gives them the financial resource to go off and do that work. It has to come out of their job time”

— Scoping Interview, Employer, Theatre

Skills Shortages

INCIDENCE OF SKILLS SHORTAGES

To better understand the skills shortages that the sector is facing, the survey first sought to understand the extent and nature of current vacancies. Survey respondents were asked a series of pre-coded questions to explore these issues, whereas sole traders were asked a series of open response questions.

Just under a third (30.2%) of survey respondents report that they currently have vacancies. Employers were asked to report in which occupational groups these vacancies belonged. Vacancies most commonly relate to professional occupations, associate professional occupations, and administrative and secretarial roles (39.5%, 32.0% and 31.3%, respectively), as outlined in Figure 14. Over a quarter (28.1%) of sole traders also reported that they had attempted to recruit an employee over the last 12 months. Sole traders were asked to provide a qualitative outline of these vacancies; these most commonly relate to associate professional and professional occupations.

The survey asked respondents whether any of these vacancies were proving hard to fill. Overall, two-fifths (41.7%) of employers with current vacancies report experiencing difficulties filling at least one of their vacancies. A third (34.3%) of sole traders who had attempted to recruit within the last 12 months had struggled to fill their vacancies. However, it should be noted that there is no statistically significant difference between the proportion of sole traders and employers who have experienced skills shortages.

When considering the incidence of skills shortages across all employers and all sole traders (not just those with vacancies) these figures equate to 12.4% of employers and 9.2% of sole traders who are currently experiencing or who have experienced skills shortages over the last year. The findings of the ESS do not take sole traders into account, but the report shows that 6% of employers in England and 6% of employers in arts or other services have hard-to-fill vacancies.⁴¹ Although direct sector comparison should be undertaken with caution, the findings from this survey suggest skills shortages are more prevalent across the sector than previously thought and that a higher proportion of employers in the creative and cultural sector experience skills shortages than the wider economy.

The survey explored which occupational groups are most difficult to fill. Figure 14 highlights the proportion of employers with vacancies in each occupational group split by those who have experienced difficulties in filling such vacancies and those that have not. It shows that two-fifths (39.5%) of employers have professional occupation vacancies and a fifth (18.4%) are struggling to fill such vacancies. Whilst only a fifth (21.1%) of employers

⁴¹ UK Commission for Employment and Skills (2016) *Employer Skills Survey 2015: UK Results: Evidence Report 97*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525444/UKCESS_2015_Report_for_web_May_.pdf

have vacancies for managers, directors or senior official, a tenth (10.9%) are struggling to fill these. Sole traders, however, indicated that they had more difficulty in filling associate professional vacancies compared with professional vacancies; and interestingly, although fewer sole traders had collectively tried to recruit individuals in administrative and secretarial occupations, those who did had experienced greater struggles in filling these roles.

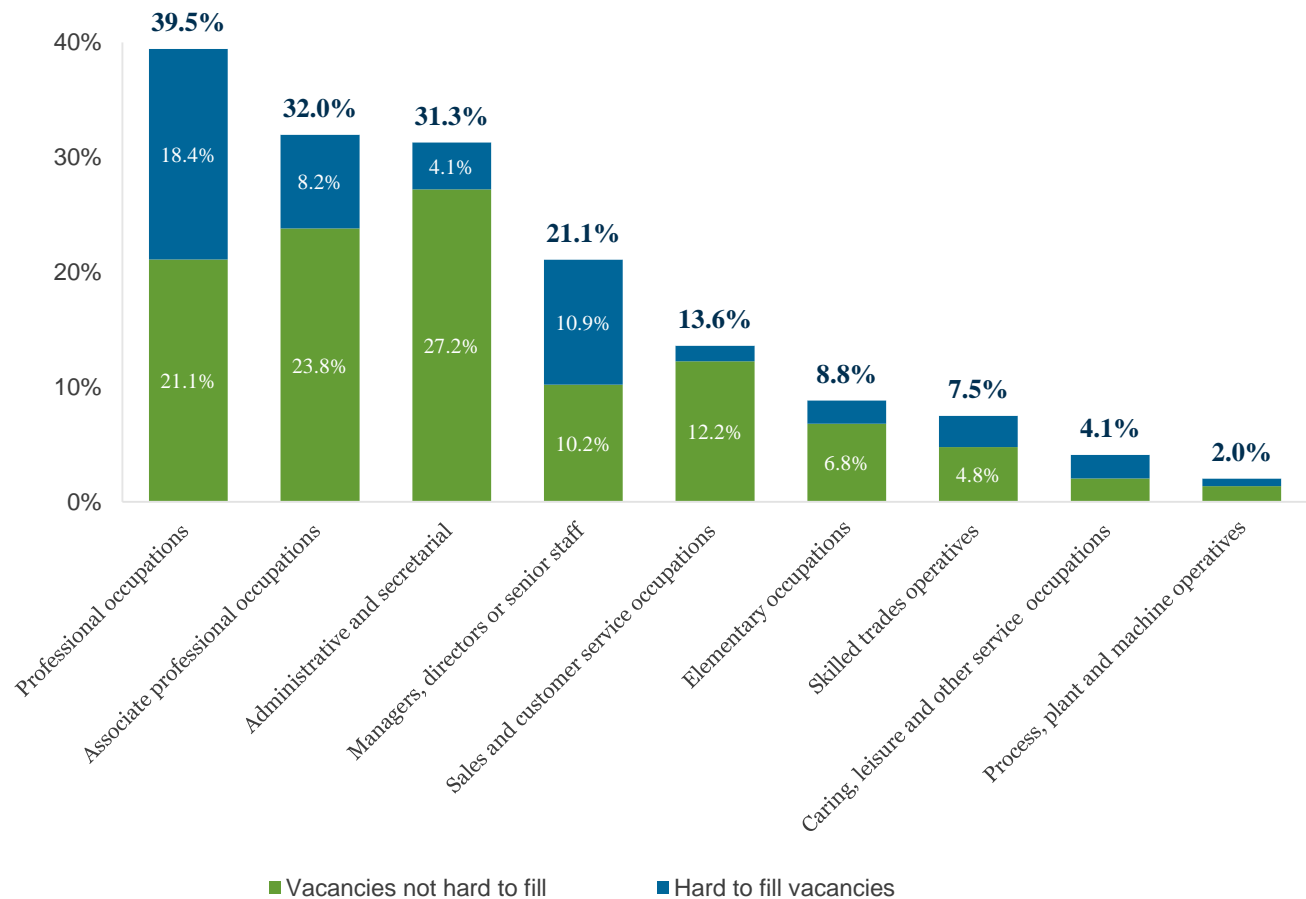


Figure 14: Proportion of employers with vacancies in occupational groups split by those that have experienced difficulties in filling such vacancies and that that have not (base=147)

NATURE OF SKILLS SHORTAGES

Interviewees report that most vacancies elicit a healthy number of suitable applicants. However certain roles – which require specific skills – are more difficult to fill than others. These skills shortages largely reflect the skills gaps previously outlined in this report - fundraising, marketing and leadership skills. However, interestingly, interviewees report that they are experiencing shortages in particular specialist technical skills areas as well.

Sector-specific Skills

Nearly half of employers (45.0%) have struggled to find applicants with appropriate fundraising skills (Figure 15), which suggests that this is the biggest skills shortage within the sector. Vocational skills related to creative business support occupations were the next

most commonly reported skills shortage area, as reported by a fifth of employers (20.0%). These skills shortages match the most commonly reported skills gaps within the sector specific skill group, as outlined earlier in this report. However, direct comparison between sector specific skills gaps and skills shortages should be undertaken with caution, as the data is drawn from different groups of employer survey respondents.

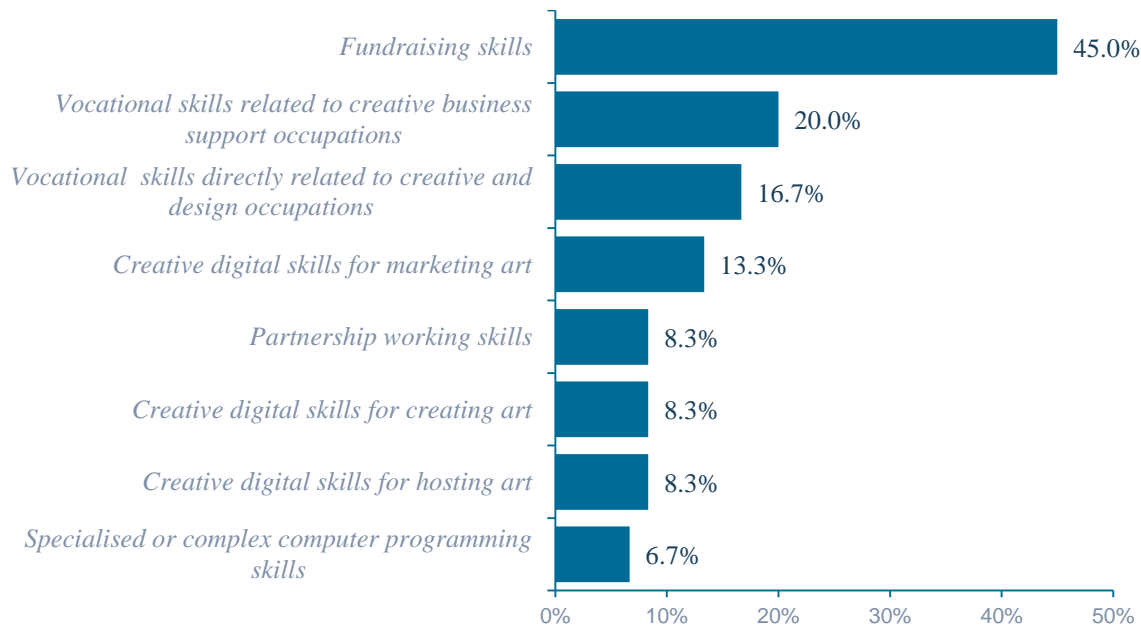


Figure 15: Sector specific skills shortages amongst employer survey respondents (base=60)

Fundraising skills is a commonly reported as skills shortage as well as a skills gap. Employers perceive a general shortage of people with these skills within the sector, and that, in addition, it is difficult to attract fundraising specialists from outside of the sector.

“It’s difficult to recruit fundraisers, because there aren’t that many out there. The best ones can command good salaries, and so some people find it difficult to recruit into those roles.”

— Scoping Interview, Employer, Combined Arts

The most notable difference between the skills shortages reported by survey respondents and interviewees is that interviewees report a higher shortage of technical and /or artistic skills. These include ceramics, jewellery making, glassblowing, costume making and set design, and performance related art forms. Interviewees also feel that there is a lack of mastery in some specific technical skills and crafts that are becoming more noticeable as current artists are ageing.

“There’s a skills shortage for jewellers... As far as I understand, it’s quite difficult to get hold of skilled makers in jewellery and silversmithing.”

— Follow-Up Interview, Sole Trader, Contemporary Crafts

One sole trader reports a struggle to recruit performers, particularly with the nature of theatre being short-term project work:

“It is increasingly difficult to find the right people for the right job. It’s become easier to find people with technical expertise than it has to find people with performance expertise that are willing to, or can, give up time for a contract.”

— Follow-Up Interview, Sole Trader, Theatre

General Skills

Figure 16 demonstrates that employers most commonly struggle to find applicants with business marketing and communication skills (35.0%) and finance skills (30.0%). A fifth also report a shortage of communication skills (20.0%). Although the general skills shortages identified by employers mirror the skills gaps, there are differences in terms of the prevalence.

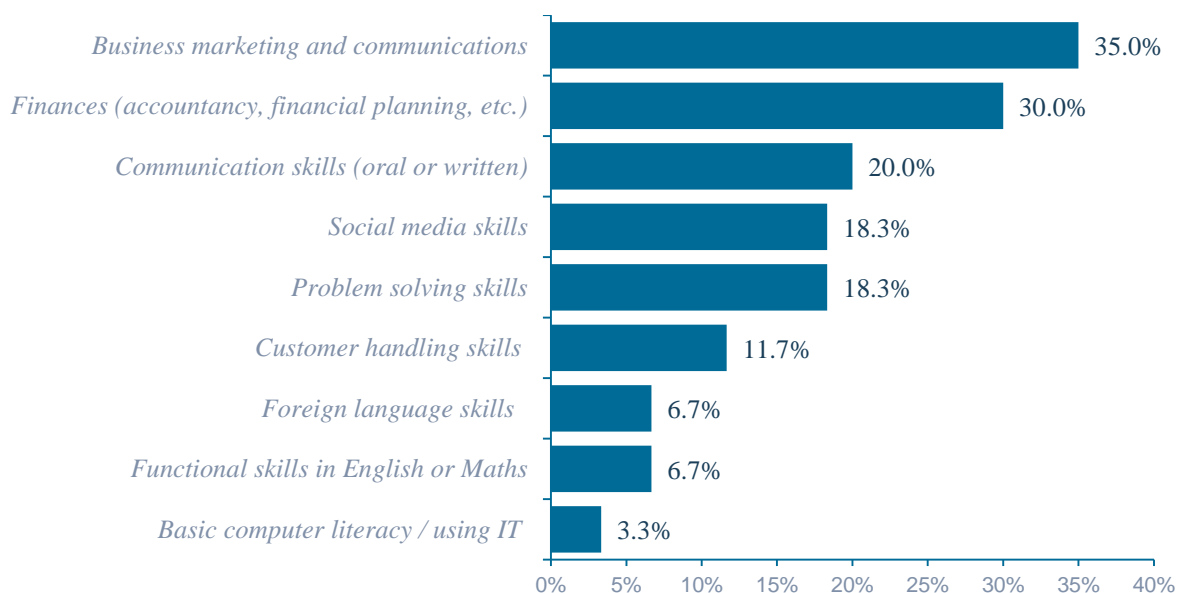


Figure 16: General skills shortages amongst employer survey respondents (base=60)

In a similar vein to fundraising skills, interviewees also struggle to recruit people into marketing roles and perceive that there is a shortage of such skills in the sector. One interviewee highlights that the problem is not just isolated to their organisation:

“We’re trying to find another marketing manager. We’ve advertised twice. In fact, we did manage to appoint somebody who then let us down and went off to the [organisation]. The quality of the applicants hasn’t been great. We talk quite a lot to the others around the area, but one in particular, the [organisation], they’re also trying to recruit a marketing manager and are experiencing the same problem, which is surprising both of us.”

— Follow-Up Interview, Employer, Combined Arts

People Skills

Approximately one quarter (23.3%) of employers struggle to find candidates with the skills needed to manage or motivate other staff (Figure 17). Similar proportions experience difficulties recruiting staff with the skills to set objectives for others and plan human, financial and other resources (21.7%); sales skills (20.0%); and the skills to persuade or influence others (20.0%). It is interesting to note that skills shortages in these skills areas are perceived to be less prevalent than skills gaps.

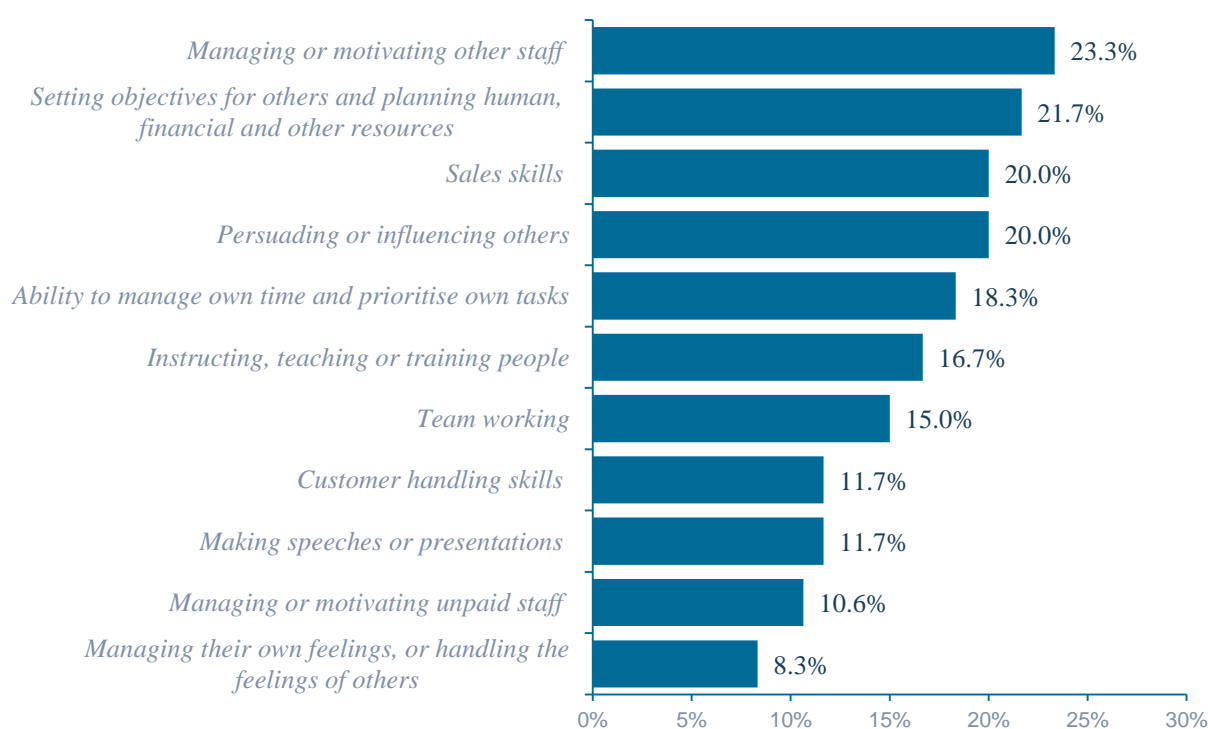


Figure 17: Skills shortages relating to dealing with other people as reported by employer survey respondents (base=60 for all options except for 'managing or motivating unpaid staff' which is 28)

Leadership Skills

Shortages in leadership skills, like skills gaps in this area, relate to a lack of experience of leadership in combination with an artistic or creative background. One interviewee explains how they expect their leaders to be able to undertake multiple roles, which makes recruitment difficult:

"You've either got people who are really good at strategy but they can't actually deliver, or people who are really good at delivery who can't do strategy. Increasingly, I need people who can do both"

— Scoping Interview, Employer, Visual Arts

Sole Traders

Whilst the skills *gaps* identified by sole traders' largely align with those reported by employers, the survey findings suggest that sole traders experience different types of skills

shortages, although caution should be taken before drawing firm conclusions, as the number of sole traders experiencing skills shortages is relatively small (36 respondents). Interestingly, sole traders commonly report that, in their view, prospective employees do not have the attitude, rather than skills, that they are looking for. In particular, sole traders perceive that applicants do not demonstrate the commitment, interest in the business, flexibility and willingness to take on multiple roles that they are seeking– which is more likely to be necessary in a very small business.

CAUSES OF SKILLS SHORTAGES

Figure 18 shows that employers most commonly attribute skills shortages to a low number of applicants with the required skills (61.7%). Furthermore, poor terms and conditions (36.7%); a low number of applicants generally (31.7%); competition from other employers (30.0%); and low number of applicants with the required attitude, motivation or personality (30.0%) are identified as key causes of skills shortages by approximately a third of employers. This aligns with the experience of sole traders who most commonly report a lack of applicants with the required skills and poor terms and conditions as the primary causes of their skills shortages. Sole traders also report that they had not been able to fill vacancies because applicants lacked work experience and /or had a poor attitude.

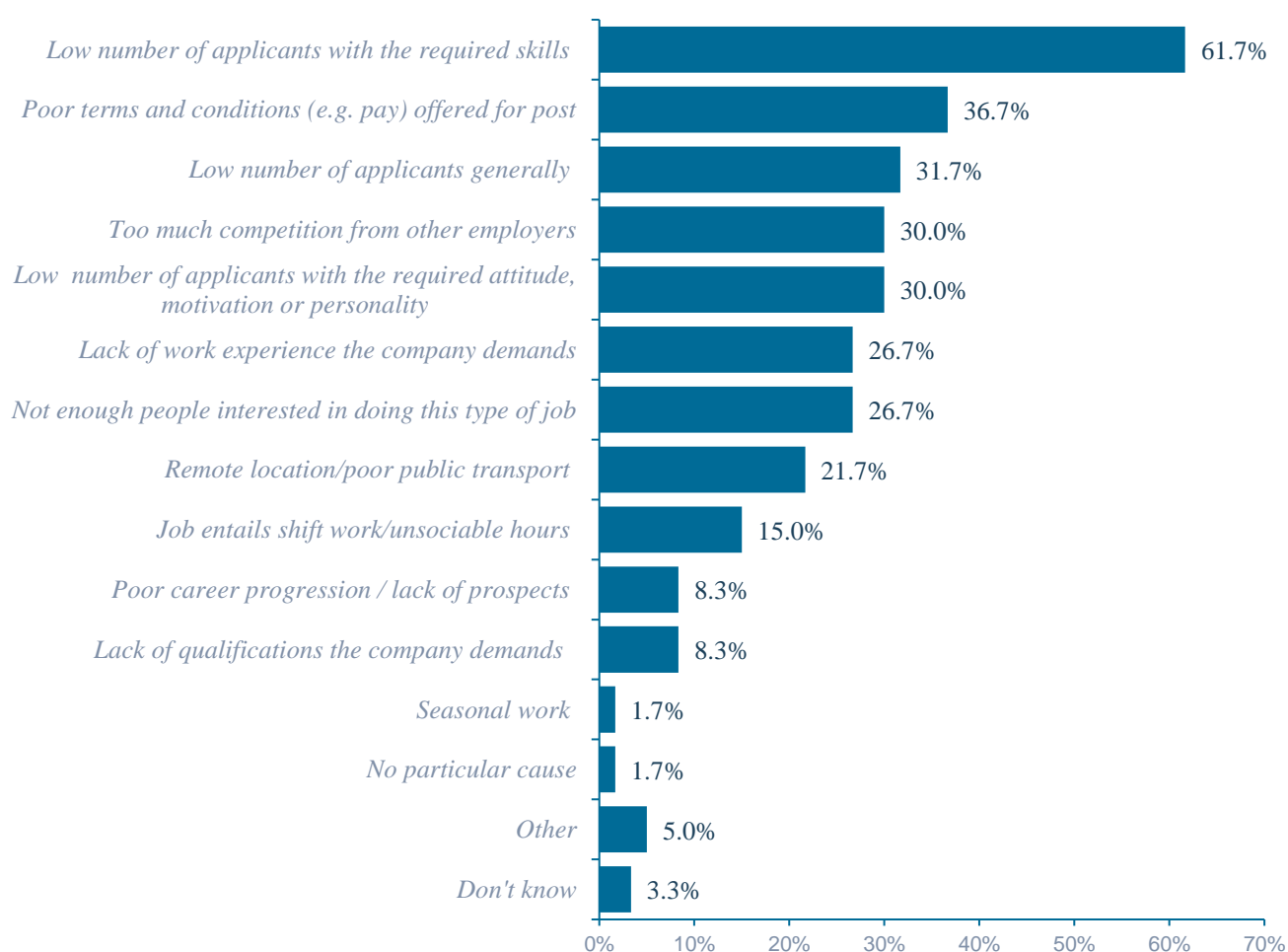


Figure 18: Causes of skills shortages for employer survey respondents (base=60)

The interviews provided an opportunity to probe deeper into wider cultural and societal issues that are impacting arts education and perceptions of the sector. Causes of skills shortages can be broadly grouped into three categories:

- 1) External causes.
- 2) Sector-level causes.
- 3) Organisational-level causes.

External causes

Interviewees attribute current skills shortages to changes in the education system. Some suggest that a lack of educational opportunities to develop creative skills at secondary or tertiary level have led directly to a skills shortage. Others allude to a more complex set of factors which include a lack of effective careers education, information, advice and guidance in schools resulting in a lack of awareness of the wider opportunities within the creative and cultural sector:

“I’m very concerned about the squeezing out of creativity in the curriculum at Key Stage 3 and Key Stage 4...it means that lots of young people don’t even get the chance to choose and experience creative subjects at school. That’s basically choking the talent pipeline for all manner of creative industries, not just museums... many young people aren’t getting the opportunity to have a rich arts education.”

— Follow-Up Interview, Employer, Museums

Furthermore, the current curriculum is criticised for a lack of alignment with the skills needs of the sector and for focusing only on the skills required for a narrow range of careers, such as performance roles, rather than the wider skills and knowledge required for the business side of the industry.

“If you’re in school and you don’t know this, the possibility of getting involved in the music industry as anything other than a performer, then it can seem like a pipedream. If you’ve got your parents banging on about how much you make as a doctor, everything starts to add up, and even careers advisors, that’s not very balanced information often. Of course traditionally in schools music is taught by musicians who have turned to teaching, so they understand the performance element but not necessarily the industry. There are a number of factors that are putting pressure on young people and may turn them away from the creative industries I guess and music.”

— Scoping Interview, Employer, Music

This lack of emphasis is particularly concerning given both survey respondents and interviewees identified business support and other transferrable skills as key shortages. Ensuring young people are aware of the wider business roles available in the creative and cultural sector and have the opportunity to develop these skills, as well as their creative and technical skills, is essential if future skills shortages are to be avoided.

Sector-level Causes

A lack of awareness of the variety of job roles in the creative and cultural industries is an issue that stretches beyond education; it can be considered an issue for the sector itself. The findings suggest that there is a lack of awareness of how to broaden the appeal of business roles in the creative and cultural industries to those currently working outside of the sector.

"I think it's a very closed-off sector. I feel that there's a certain mystique to it and people don't know what half the professions and jobs are."

— Follow-Up Interview, Employer, Dance

"When you think about the arts, it [marketing] wouldn't be a role that, immediately-, is one that you think of. You tend more to think about the creative sort of things. I think marketing is an incredibly creative role, but I don't know whether it would be your first thought"

— Follow-Up Interview, Employer, Dance

Interviewees, however, perceive that pay relative to other sectors is the most significant factor contributing to skills shortages in the sector. Creative and cultural businesses find it particularly difficult to compete for staff with commercial skills such as fundraising, digital and marketing.

"When it comes to the more transferable skills, like marketing and communications, like fundraising, HR, that kind of thing, finance particularly, we find those skills are quite lacking because in [city] there are more opportunities and the salaries are probably going to be higher in other sectors"

— Scoping Interview, Employer, Theatre

Like the survey respondents (Figure 18), interviewees also perceive that poor employment terms and conditions are to blame for the skills shortages they experience. These include the short-term or seasonal nature of some work, a lack of full-time positions in smaller organisations, a lack of progression, long and often unsociable hours, and being frustrated by slow change.

Organisational-level Causes

Several interviewees perceive that they struggle to attract people with specialist skills due to the location of their organisation. Those in rural locations where house prices are typically high find it particularly difficult to recruit. Location is also perceived to be a factor in talent leaving the area and a significant reason for current skills shortages.

"We've got a good reputation and some of our members of staff have gone off to other great organisations to work, but, actually, something about getting people to relocate has been quite tough here. That is outside of our control. It's that sort of thing of, it's also, people do commute, but I think on low salaries, people aren't going to commute."

— Follow-Up Interview, Employer, Visual Arts

A lack of effective recruitment practice is another reason for skills shortages. Some employers reflected that they had not advertised vacancies in the right places and, as a result, had failed to attract people from outside the sector with the required skills.

"I think it's also finding the right places to recruit from. I think that's beginning to be quite challenging ... no-one can afford to do Guardian ads and all of that anymore, so I think that is limited, as well. There's then LinkedIn, which is, sort of, hit and miss, I think, sometimes, but it's finding the right forums to put your job ads on."

— Follow-Up Interview, Employer, Libraries

Impact of Skills Gaps and Shortages

For the majority of survey respondents, skills gaps (76.3%) and shortages (89.5%) are having a negative impact on their organisation or business. Figure 19 shows that skills gaps and shortages have a range of impacts on employers, but in particular, on the workload of other staff. They also cause delays in creating new output, content or services which, in turn, could have implications for the sustainability and growth of the business.

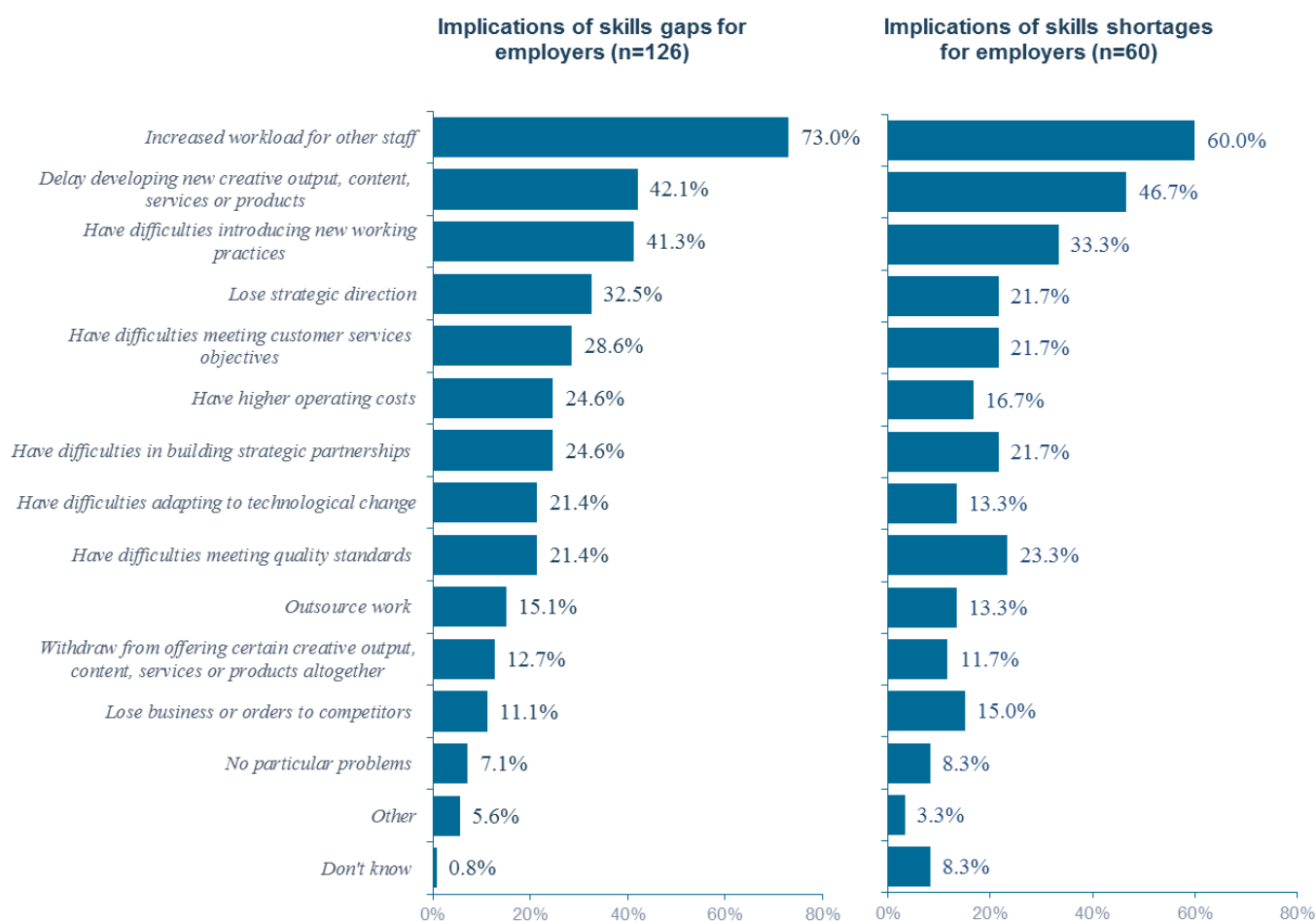


Figure 19: Implications of skills gaps and shortages for employers

Figure 20 demonstrates that skills *gaps* impact on a larger proportion of sole traders than employers. While both employers and sole traders are most likely to report that skills gaps cause delays in developing new outputs, content or services, the analysis also reveals that there are some differences in the way employers and sole traders are impacted by skills gaps. A higher proportion of sole traders report that that skills gaps negatively affect their ability to build strategic partnerships (39.3% compared with 24.6% of employers); lead to difficulties adapting to technological change (34.8% compared with 24.1% of employers); lead to the withdrawal of certain creative output, content, services or products altogether (30.3% compared with 12.7% of employers); result in lost business (23.6% compared with 11.1% of employers).

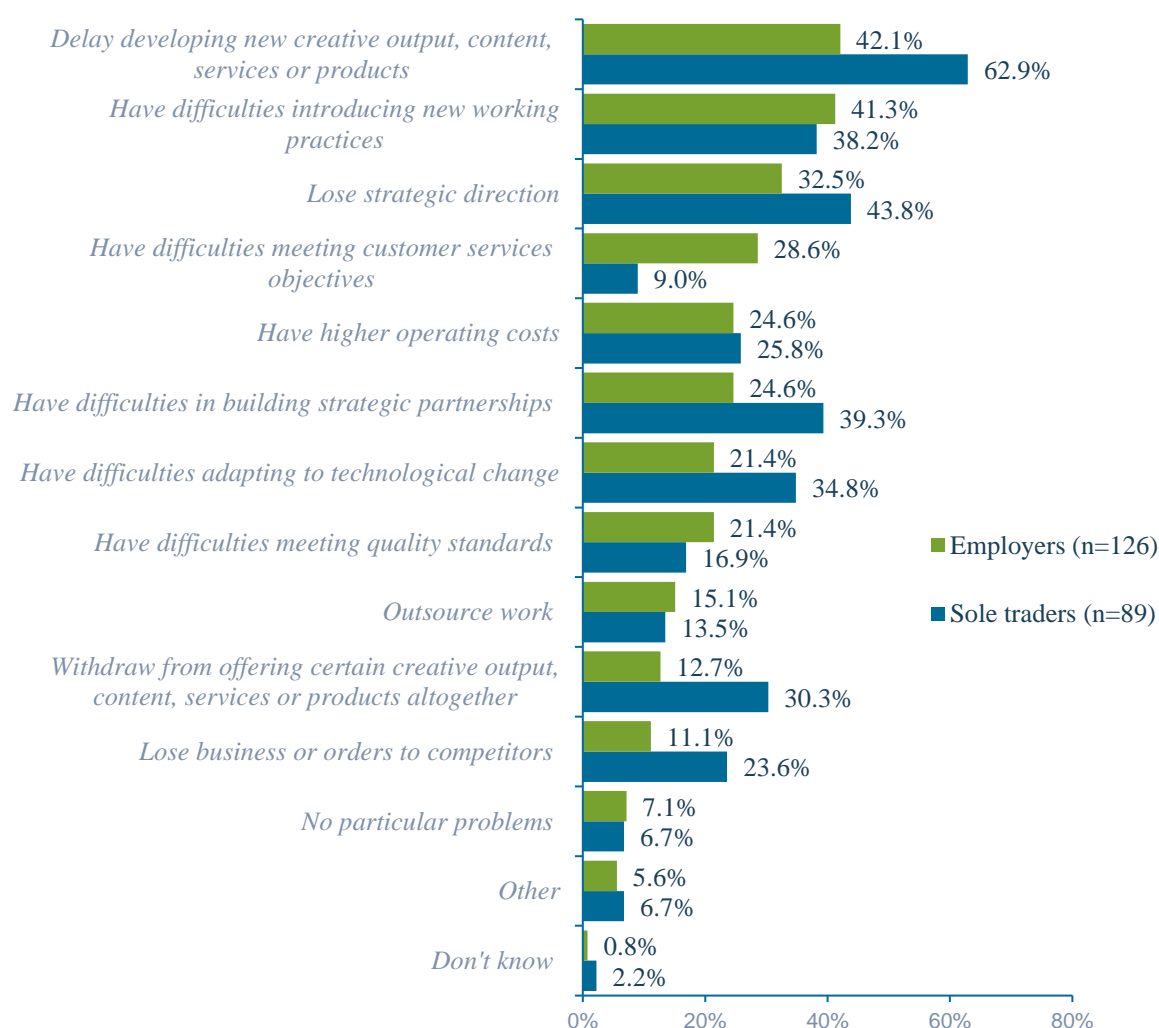


Figure 20: Comparison of the implications of skills gaps between employers and sole traders

We explored the impact of skills *shortages* through open response questions with sole traders. The analysis reveals that skills shortages have similar impacts on sole traders as they do on employers. Sole traders most commonly report that skills shortages result in them taking on more work themselves, which inhibits their ability to take on new projects and reach a wider audience or market; ultimately this is perceived to affect their sustainability and growth.

Addressing Skills Gaps and Shortages

Interviewees feel passionately that it is imperative to address skills issues to ensure the future sustainability of businesses and to maintain the vital contribution that the creative and cultural sector makes to society and the wider economy:

“A general dwindling of visitor numbers and lack of engagement with museums further erodes their ability to operate and ultimately means that their role in civil society is

diminished and we all lose out. They play an important role, economically and socially in our communities....”

— Follow-Up Interview, Employer, Museums

Encouragingly, over two-thirds (68.6%) of survey respondents experiencing skills *gaps* have taken steps to address these and a further fifth (21.6%) are planning to do so. However, compared with sole traders, a higher proportion of employers have taken steps to address skills gaps or plan to do so (Figure 21).

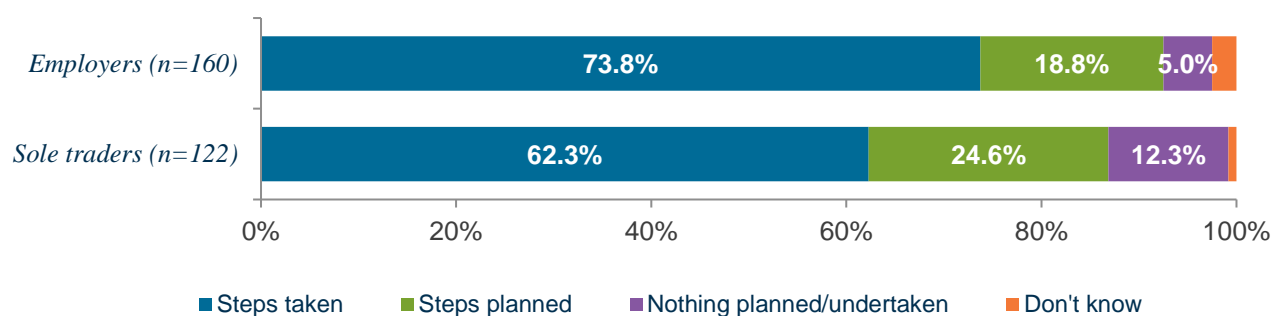


Figure 21: Proportion of survey respondents who have taken steps to address skills gaps (bases variable)

Businesses are attempting to address the skills challenge in a number of ways. Approximately half of employers (53.0%) and over three-quarters (78.3%) of sole traders plan to have undertaken or are planning to undertake training to address their skills gaps (Figure 22 & Figure 23). Almost all the interviewees indicated that they are going on **training** themselves or putting employees through training in an attempt to address skills gaps in their organisation. Larger employers are in a stronger position to access training and to release staff for training purposes than smaller organisations. Sole traders and leaders of micro businesses do this where possible, but would like to have the funding or the capacity to be able to do more. One large employer explains that they have a staff development budget and try to be creative to get the most out of this:

"I think the challenge is making sure that it doesn't always have to be formal training to be of practical use. Sometimes money is better spent, for example, sending some of your team to go away and look at two or three other places and see how they work, and learn from somewhere else what's good and what's bad, rather than actually sending them on a theoretical course"

— Follow-Up Interview, Employer, Museums

In addition, employers commonly plan to conduct more staff appraisals or performance reviews (51.0%), change their working practices (47.7%) and/or undertake more supervision of staff (45.6%) to address skills gaps (Figure 22).

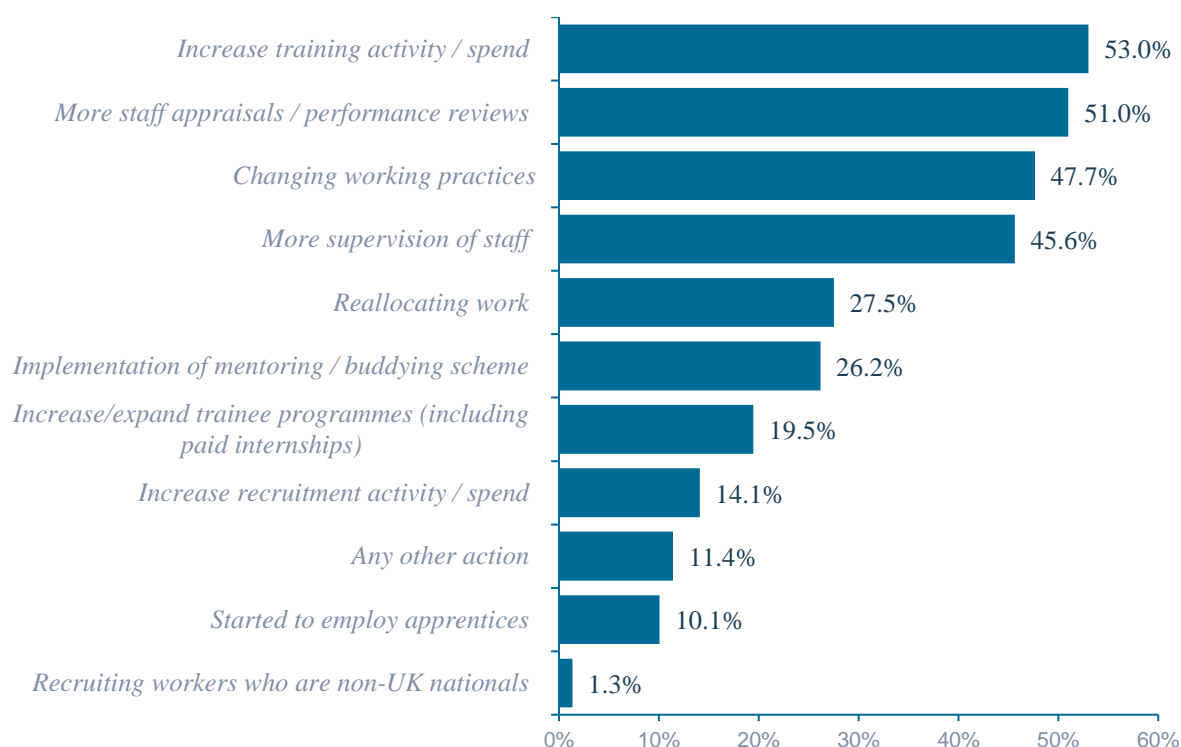


Figure 22: Steps employers have taken or plan to take to address skills gaps (base=149)

In contrast, three-quarters of sole traders (75.5%) are seeking to overcome their skills gaps through the development of partnerships or collaborative working. (Figure 23).

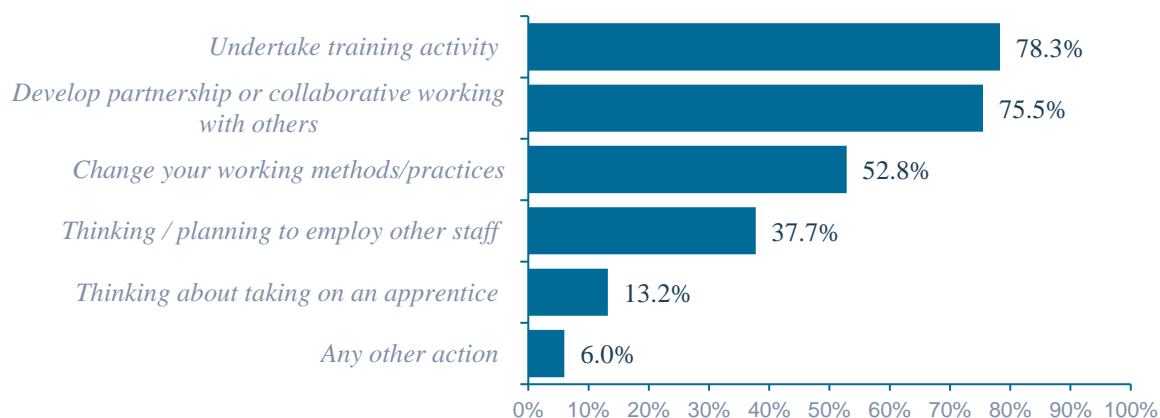


Figure 23: Steps sole traders have taken or plan to take to address skills gaps (base=106)

Several interviewees reported that they are looking to build **partnerships** with other organisations inside and outside their sector in order to address skills gaps. While some businesses feel that it is difficult to share knowledge within the arts, others have managed to build useful networks and collaborative working relationships. For example, museums and libraries in one county have developed a partnership which enables them to share training and provide placements for each other's staff so that they gain a wide range of skills and experiences. Another interviewee explains that they are partnering with their

Local Enterprise Partnership to deliver a programme of support to employers and sole traders in the sector:

"We're a partner in the [county] Local Enterprise Partnership... it's a two or three year programme to develop sole traders, micro enterprises and SMEs in the creative industry in [county] through mentoring, grants, training courses and all sorts of things like that ... it covers off everything from creative development, product development, marketing, technology, export, governance, business planning and finance"

— Scoping Interview, Employer, Literature

Creating partnerships, particularly with organisations outside the sector, is perceived to encourage the sharing of skills, networking, shadowing and secondments. These are reported to be extremely beneficial, particularly in relation to obtaining business skills for the sector. One interviewee describes how they secured Arts Council England funding to enable them to be seconded to a private business to share skills and ideas about working practices:

"I recently was part of a project in [city], and we worked with commercial businesses to look at how we could gain from their knowledge, and they could gain from our creativity... I went into their office and I hot-desked on there. I, kind of, learned a lot about their education system and their outreach work."

— Follow-Up Interview, Employer, Dance

Recruitment presents a potential solution to skills *gaps* for employers and sole traders; indeed, two-fifths of sole traders (37.7%) reported that they are seeking to address their own skills gaps by expanding their business and employing new staff (Figure 23). However, as noted previously, a number of businesses in the creative and cultural sector experience challenges when it comes to recruiting new staff. Employers experiencing skills *shortages* were asked to indicate the steps that they are taking to address recruitment issues. Figure 24 shows that half of employers are using new recruitment methods or channels (50.0%) and redefining existing jobs (46.7%). A third of employers are increasing advertising or recruitment spend (33.3%), preparing to offer training to less well qualified recruits (33.3%), or bringing in contractors to do the work (33.3%). Analysis of open responses from sole traders highlights that most are attempting to improve the pay, terms and conditions for the posts they have been unable to fill, which often involves them seeking grant funding to meet the additional cost. Sole traders also report that they will persevere with further rounds of recruitment and perhaps use different recruitment methods or channels. Once staff have been successfully recruited, employers also recognise

the importance of retaining those employees and the implications for the business if they fail to do so:

"Retaining staff is absolutely a key issue for us...when you don't retain staff...you lose continuity...you lose that...knowledge of the organisation, and then also, yes, you can directly, lose business."

— Follow-Up Interview, Employer, Museums

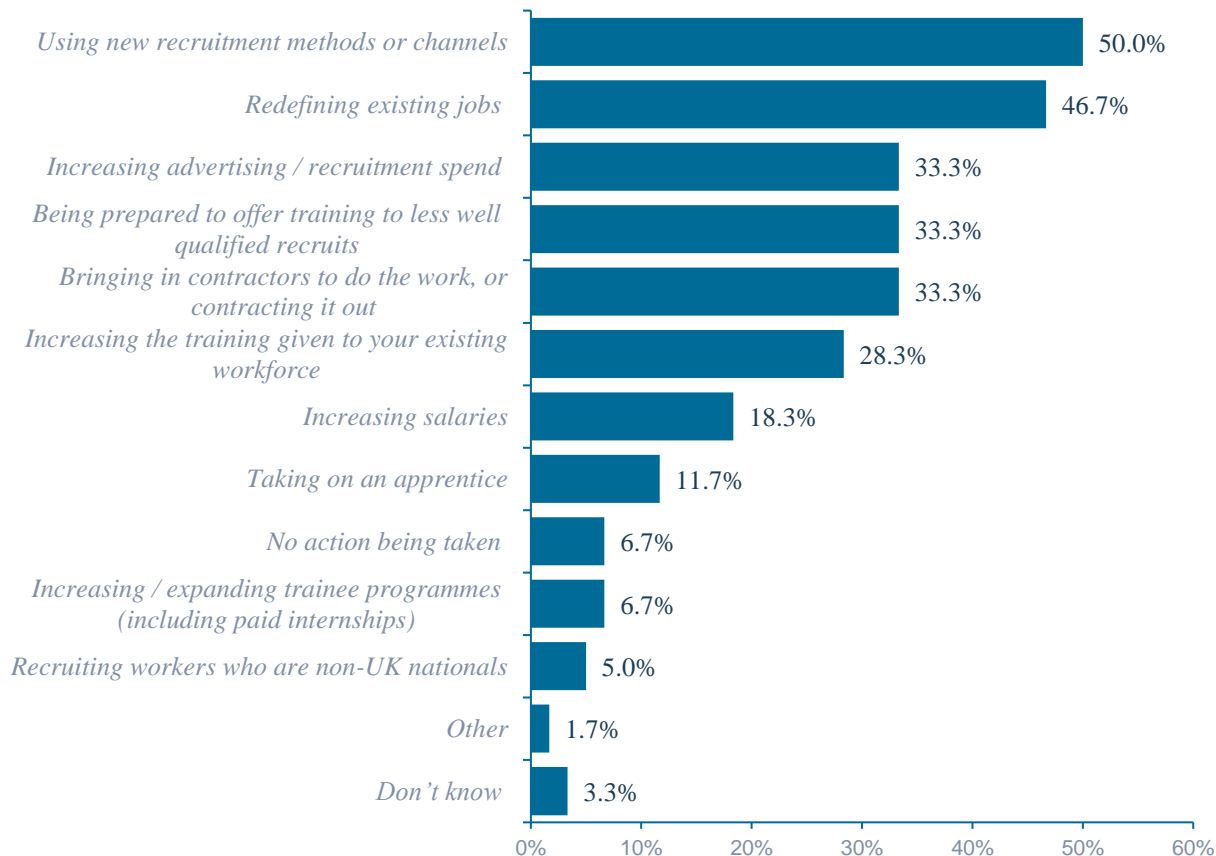


Figure 24: Steps employers have taken or to address skills shortages (base=60)

Some interviewees indicate that they have taken on **paid interns and/or apprentices** in order to alleviate skills gaps and shortages. Interestingly, more interviewees use apprenticeships to upskill existing staff in leadership and management than to recruit new staff at the entry level. The Apprenticeship Levy encourages large organisations to make full use of apprenticeship schemes and all interviewees in this position feel that this is a rapidly-growing area of training and development for them. One employer explains:

"We're taking advantage of apprenticeships, big style, across the whole level. So from entry-level, right up to Level 7. So, yes, we are able to do that because we're part of a bigger organisation... we're offering things like, you know, business admin, and

customer services, but, like, it's the more specialist things that are on offer that we have an oversupply of eager people that want to do it, basically, more creative things."

— Follow-Up Interview, Employer, Libraries

This chapter identifies that generic, transferable business skills alongside leadership skills are the most common skills issues affecting the creative and cultural sector. These have a range of causes, but most commonly impact on the workload of existing staff and a business' ability to develop new outputs, products and services. Businesses are using a range of methods to address such issues including training, recruitment and partnership working, however, these are not without their challenges. Through the next chapter we explore how skills issues are likely to evolve in the future and what can be done to mitigate against these

06. FUTURE SKILLS NEEDS

The creative and cultural sector is evolving in the context of political uncertainty, rapid technological change and globalisation, which have implications for skills in the future. This chapter explores the likely skills needs and the measures that are required to ensure a talent pipeline is maintained.

Key Insights

- *There is some concern over the future sustainability of the creative and cultural sector given **reductions in public funding** and **uncertainty surrounding Brexit** and its potential impact on the skills pool. Despite this, many employers are optimistic about the future.*
- *Roles within the creative and cultural sector are increasingly multi-faceted. Employers perceive that the **diversification of roles** and need for a **broad skill set** encompassing creative and generic business skills is likely to continue in the future to mitigate the impact of external challenges, such as reduced public funding, and ensure to the sustainability of individual businesses and the sector.*
- *Demand for **marketing and communication, digital and financial skills such as fundraising** will increase. This underscores the importance of addressing the current gaps and shortages identified in these areas. However, while some employers recognise the importance of fundraising skills, they also acknowledge that the sustainability of businesses in the creative and cultural sector is dependent on developing more commercial business models that are less reliant on grant funding and fundraising.*
- *Employers perceive that **the risks of not addressing skills issues are far reaching** for their business and the sector and could change the size and shape of the sector, stifle creativity and innovation, increase competition, and threaten the survival of smaller businesses and sole traders.*
- ***Training, including apprenticeship, is perceived to be key to addressing skills gaps.** Apprenticeships are regarded by some employers, particularly those that employ apprentices, as important for addressing skills shortages as well as tackling skills gaps amongst existing staff and increasing the diversity of the workforce. However, **more needs to be done to develop the infrastructure**, in particular, employers' capacity to support trainees such as apprentices and paid interns and the quality and relevance of provision in further and higher education.*
- ***Educating future generations** and encouraging people from diverse backgrounds to aspire to a career in the creative and cultural sector will help to ensure a pipeline of talent with the appropriate skills. However, a **decrease in the number of schools and colleges offering creative art and design courses**, the **decrease in the number of students studying these subjects** and a **lack of effective information, advice and guidance** on careers in the creative and cultural sector are perceived to be threatening the development of the talent pipeline.*

Future direction of the sector

To better understand the future skills issues faced by organisations in the creative and cultural sector, the survey first sought to understand how key changes affecting the wider UK would impact on the sector. Survey respondents were asked to estimate the impact of a range of factors on the future viability of their organisation or business. Figure 25 shows that the majority of respondents perceive that a reduction in public funding or grants will have a strong negative impact on their business (83.5%). Over half of businesses also perceive that the increasing costs of premises (55.0%) and the UK leaving the European Union (53.2%) will have a strong negative impact on the sector. Although survey respondents perceive that the limited range of skills held by employees and young people are likely to have a negative impact on the future viability of their organisation, almost half perceive that this will be a mild impact (48.5% and 47.0% respectively). Conversely, the majority of respondents perceive that advancements in technology will have a positive impact on their business (81.3%).

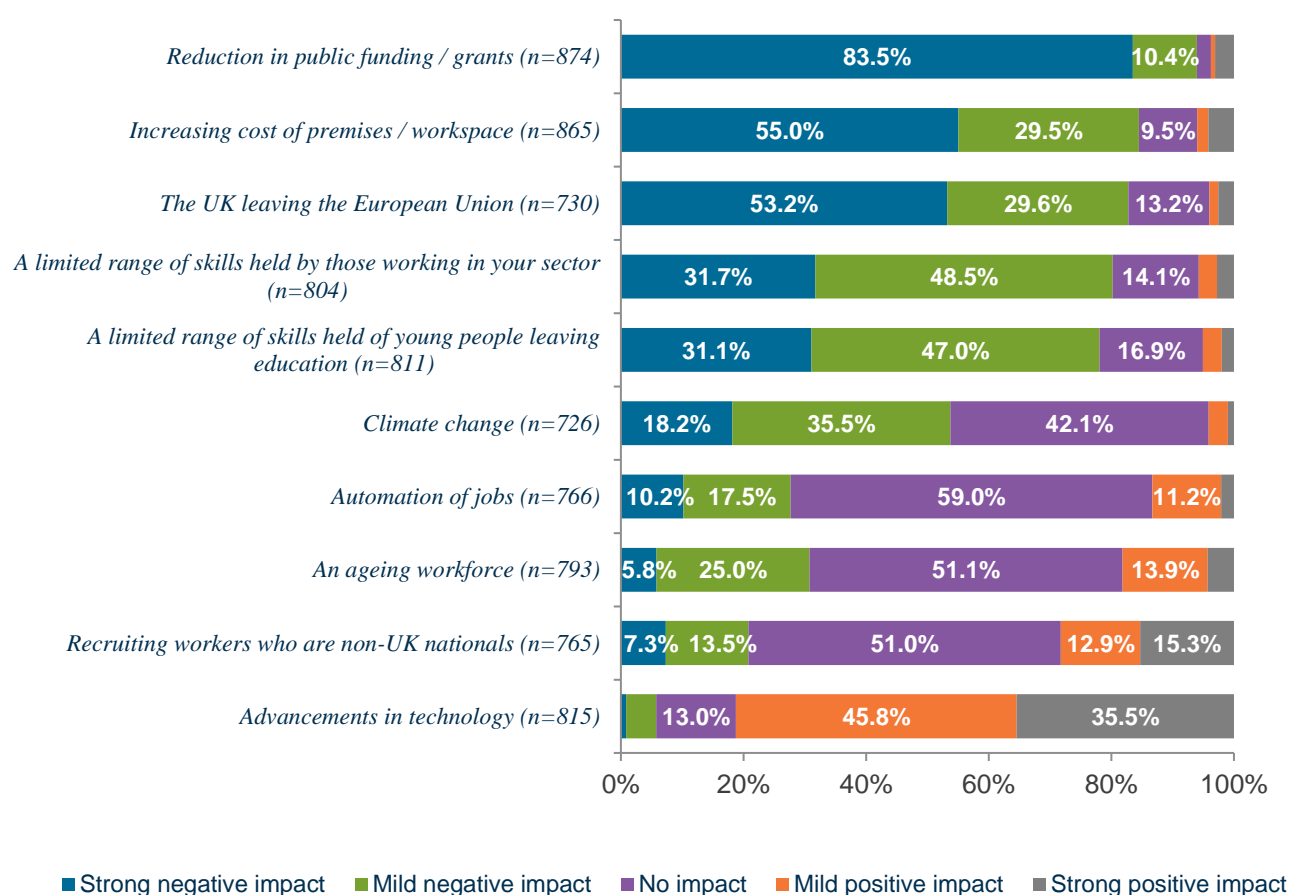


Figure 25: Impact of factors on survey respondents' organisational future viability (bases variable)

The impact that the anticipated reduction in public funding and Brexit will have on businesses within the sector was further explored through the interviews. Given the level of uncertainty about the impact of Brexit, leaders are finding it difficult to plan. There is little consensus about how to best prepare their business or the sector for the changes, other

than being prepared to adapt in response to change as it occurs. Business leaders and sector stakeholders are, however, in agreement that Brexit is likely to impact the supply of labour and skills, and opportunities for international collaboration in particular. One interviewee sums up many respondents' concerns about the situation:

"I'd say [Brexit] is a huge thing, the talent pool. I think there are seventeen skills shortage categories on the immigration list already and we are in the European Union... What's going to happen after [Brexit]? If we just had this market to rely on, there just wouldn't be enough people and, you know, that's why the European market has been established. I think it will be completely catastrophic. I think creativity works precisely because you don't have boundaries in how people think and where they draw ideas and inspiration from."

— Scoping interviewee, Employer, Visual Arts

Yet there is some disparity between businesses within the same sub-sectors about how organisations should respond to changes in public funding. This is reflected in the responses from representatives of different libraries when asked about the future of their sub-sector. One felt that libraries are diversifying too much, whilst another felt that change is essential for their future survival:

"I think ideally I would like to say proper strategic direction, proper focus... 'What are we all about?' 'What are we actually trying to be?'... I worry a lot about the fact that we are all things to everyone and a no man's land."

— Follow-Up Interview, Employer, Libraries

"Unless libraries change how they deliver their services, and where they pitch themselves within the local authority, there won't much of a service left... it's flexibility, it's about rethinking what the library is about... From my practice point of view, it's about resetting the library's role in supporting literacy, literacy in all kinds of different ways."

— Follow-Up Interview, Employer, Libraries

A respondent from another sub-sector reflected that organisations needed to strike a balance between diversification and retaining their core focus:

"I think you can diversify too much....you have to be careful because you have to have a focus, it's really useful to have employees, collaborators, etc. that have interests in all of those areas."

— Follow-Up Interview, Sole Trader, Theatre

Whilst some interviewees present a slightly pessimistic outlook for the future, others are

optimistic about the continued growth of the sector and the sector's ability to diversify in response to wider changes.

“The interesting thing about where dance is now is there is a little bit more potential for dance to move into other areas... I don't think that necessarily means there's more work but maybe there are opportunities in different places that we didn't have before... Whether that's doing it in the public domain, out in the streets or at festivals or whatever... When one strand of work dries up, we're pretty good at finding opportunities to develop new ones, but that's not necessarily then about growth. It's not just about consolidating what we've done. It's just about being, kind of, free and able to respond to new situations.”

— Scoping Interview, Employer, Dance

Preparing for and managing change will require a specific skill set and strong leadership. This is discussed further throughout this section.

IMPLICATIONS OF WIDER CHANGES FOR THE SECTOR

Survey respondents were asked to what extent they agree with a range of statements regarding the implications of these wider changes for the creative and cultural sector and the workforce in particular. Reflecting the need for the sector overall to be flexible and responsive to change, the majority of respondents (85.5%) agreed that workers in their sector would need to specialise in more than one role (Figure 26).

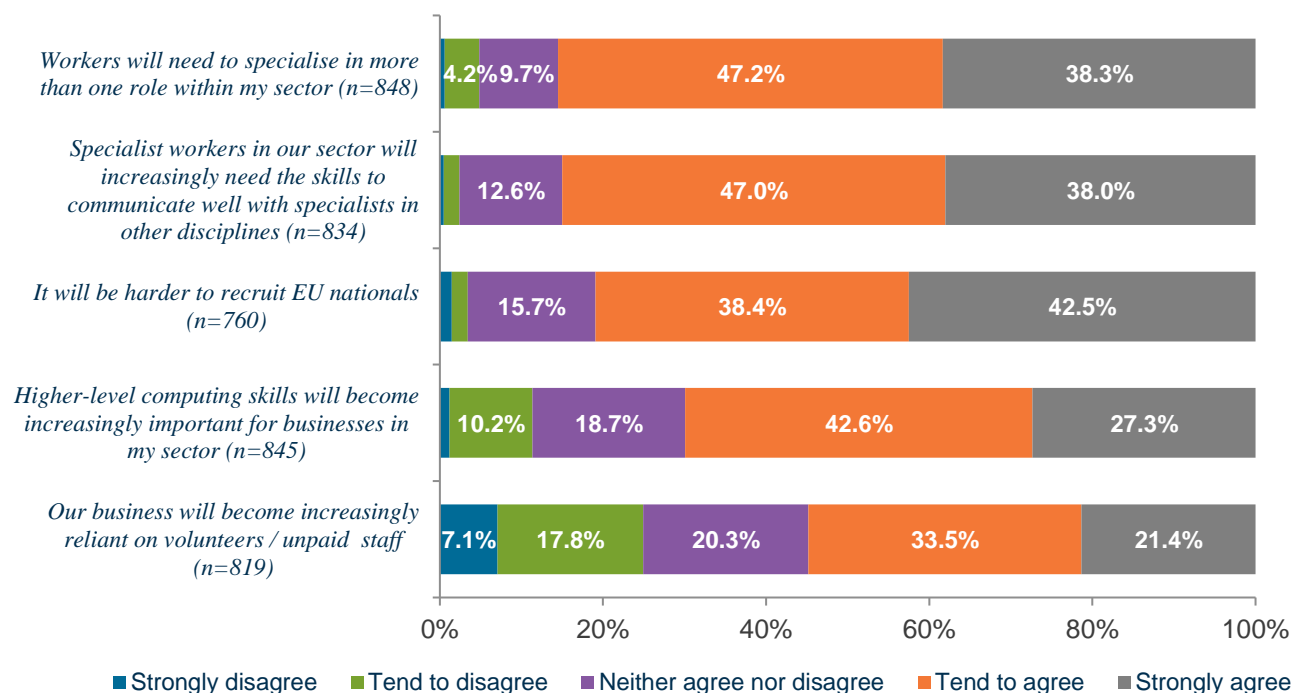


Figure 26: Survey respondents' level of agreement with statements about the future direction of the creative and cultural sector (bases variable)

Interviewees reaffirm that that sector workers need to broaden their skills base. Furthermore, they also perceive that workers would need to be prepared to be flexible and adapt their role in response to changes, which at this stage are hard to predict.

"People will need a set of core competencies, but that they will also need to be able to adapt and change. So, it's about being able to recognise where change is coming, and what you then need in order to re-skill yourself in order to respond to that change"

— Scoping Interview, Employer, Crafts and Combined Arts

The majority of survey respondents agree that higher-level computing skills will become increasingly important (69.9%) in the future. The interviews affirm the view that digital/technological skills will be particularly important, reflecting the perceived future direction of the sector and the rapidly changing digital landscape that is shaping it. Information and computer technology (ICT) skills encompass production skills as well as marketing and promotion.

"In design, there's been a big technical movement towards 3D printing... Craft hasn't overly jumped on board with it, but I think computer-based skills will become more necessary...."

— Scoping Interview, Employer, Contemporary Crafts

"It's about online working, remote working, knowing how to have your own web presence, to have social media content etc."

— Scoping Interview, Employer, Literature

There is also a perception within the sector that specialist workers will increasingly need the skills to communicate well with specialists in other disciplines (85%), and that it will be harder to recruit EU nationals (80.9%). Fewer respondents report that their business would become increasingly reliant on unpaid staff in the future although, worryingly, over half (54.9%) agree with this statement (Figure 26, above).

A higher proportion of sole traders (90.2%) agree that workers will need to specialise in more than one role in their sector compared with employers (81.5%). This is perhaps unsurprising because sole traders, as individuals, already undertake a multi-faceted role. Compared with employers, a higher proportion of sole traders agree that their business would become increasingly reliant on volunteers or unpaid staff in the future than employers (66.9% compared with 43.1%, respectively). In addition, a higher proportion of respondents who have taken on unpaid staff in the last year agree that their business would become more reliant on unpaid staff in the future compared with those who have not (60.9% compared with 42.3%, respectively). This suggests that once a business has taken on unpaid staff, it is more likely to continue to rely on this source of skills and capacity in the future.

Demand for Skills in the Future

Survey respondents were asked which three skills they perceive will be in greatest demand in the creative and cultural sector over the next 10 years. *Vocational and creative skills* directly related to particular sub-sectors are likely to be in great demand, in addition to creative thinking. Of greater importance, however, is a range of skills related to business sustainability. **Fundraising skills** are identified as important by approximately a third of respondents who provided a response. They highlight that business leaders will need the skills to write successful bids, gain sponsorship and pitch for new business. This is particularly important given the likely reduction in public funding and grants and the negative impact this is likely to have on many business that currently rely on this source of income. Increased demand for fundraisers is likely to increase competition for skilled staff, therefore recruiting people with these skills could become increasingly problematic. This is a significant area of concern for interviewees:

"I think we're going to need more, and stronger, and better equipped fundraisers in the sector. Right now, there's a huge war on talent on this. We're all fishing in the same pools and we're all losing people to bigger institutions or universities that have been better funded so far.... I think it will be trickier in the future"

— Scoping Interview, Employer, Visual Arts

In this context, some respondents recognise that they need to go beyond just developing the skills to write successful funding bids in the future and actually need to change the way that they approach funding in order to become more sustainable. Although accessing funders or curators is a current challenge for some businesses, they recognise the importance of building up relationships with these to ensure their work becomes more self-sustaining in the future.

"It's strategic funding, isn't it? It's something where you create a plan and you create a means of getting the finance and you get assistance with getting that finance and you leverage that to create more so that it becomes self-sufficient over time"

— Follow-Up Interview, Sole Trader, Contemporary Crafts

Approximately a fifth of respondents highlight that **general communication skills**, along with **marketing and communication skills**, will be in demand in the future because effective marketing and public relations are perceived to be key to their future success. Keeping up with technological advancements and developing **digital skills** will be important in order to create, market and host creative output, content or services.

Approximately a fifth of respondents predict demand for **business support skills** such as management and planning will be likely to increase. Within this skills set, financial management is perceived to be paramount to ensuring the smooth running of a business.

Furthermore, in the context of reduced funding, a minority of respondents perceive that **partnership skills** will be one of the three most highly sought-after skill areas in the future. Respondents report that cross-disciplinary collaborations and strategic partnerships will be important in the future and that networking skills will be required to support these. These findings reflect the wider view of survey respondents that specialist workers will need to develop skills to communicate with specialists in other disciplines (see Figure 26). Collaborating within and outside of the sector and sharing learning and resources is perceived to be an effective way to mitigate the impact of reduced funding. In addition, commercial partnerships are recognised as facilitating access to new funding streams, helping organisations to diversify their fundraising and create a more sustainable model.

“I think it’s the focus on employing people who can develop creative partnerships with different organisations, work collaboratively, be very agile in their way of working and flexible and adapt to a changing environment ... It’s about operating with increasingly limited resources from public funders and the need to be able to generate more income from a wider range of sources. In order to do that, you need to have a wider range of supporters and in order to get a wider range of supporters, you need to be able to forge alliances beyond your own organisation.

— Follow-Up Interview, Employer, Museums

Addressing the Future Skills Challenge

The future skills needs of employers may be met by upskilling the existing workforce alongside encouraging young people to aspire to a career in the creative and cultural sector and supporting them to develop the appropriate skills. However, Figure 27 reveals that the majority of businesses agree that young people are unaware of the breadth of career paths available in the creative and cultural sector (83.9%) and that there are not enough young people studying arts and creative subjects in school (67.8%). Furthermore, Figure 27 demonstrates that almost three-fifths of respondents disagree that more young people will leave education with the right creative skills to succeed in the sector (58.5%).

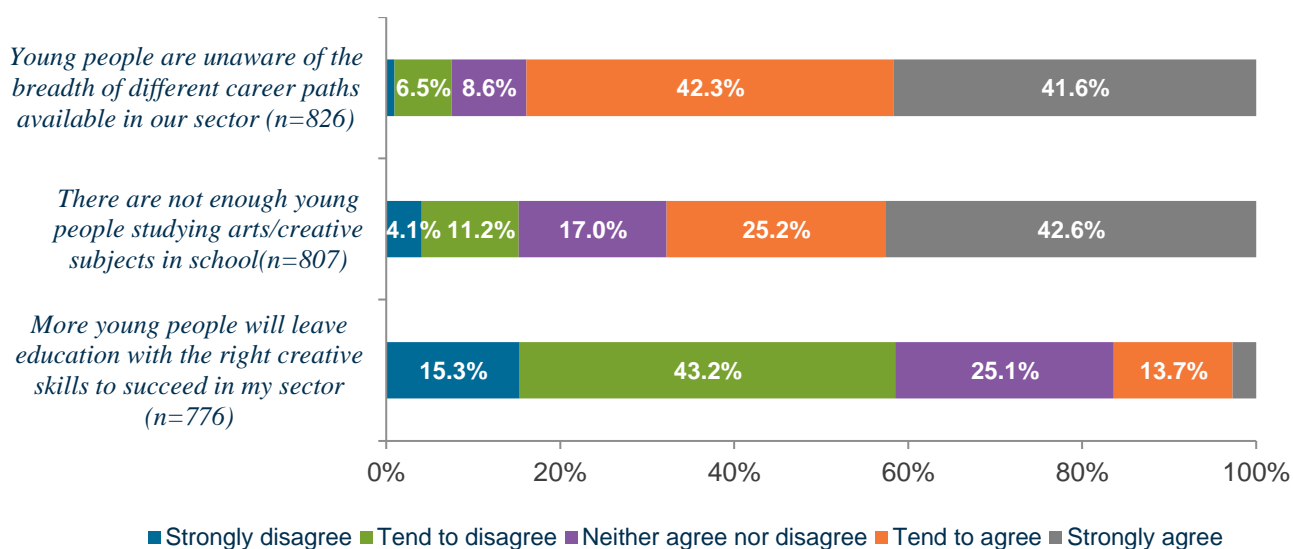


Figure 27: Survey respondents' perceptions relating to arts education and career information advice and guidance (bases variable)

The findings suggest that businesses are not confident that future generations will have the appropriate skills and aspire to a career in the sector. There are a number of reasons for employers' lack of confidence. As also noted in the previous chapter, interviewees are particularly critical of the reduction in the time given to arts and creative subjects in the national curriculum and argue that it is crucial to redress this balance to ensure that the creative and cultural sector has a skilled workforce in the future. Employers' criticism is targeted at both secondary and tertiary education providers, but creative art and design education in secondary schools is of greatest concern. Interviewees feel strongly that more value needs to be placed on the arts in schools.

"It needs to be a key part of a young person's education...opportunities should be there for them to learn and be trained and educated in the creative arts."

— Scoping Interview, Employer, Combined Arts

As also noted previously, employers are concerned about the content of creative art and design programmes in further and higher education, and in particular, their failure to equip students with the business skills and knowledge needed to take up the range of roles available in the creative and cultural sector.

"Actually, a lot of them [universities] do not offer any of the skills that are practically required if you were actually working in a museum. Some of them are very academic and not actually very practical. Some are, on the other hand, very good. So, they vary considerably. It would be nice to think there might be a bit more joined-up thinking in terms of what was being offered. How relevant it was to actually getting a job."

— Follow-Up Employee, Employer, Museums

Perhaps more concerning, is the perception that the future sustainability of some sub-sectors is under threat because of a decline in specialist provision:

“One of the issues that craft has is that a lot of the university courses are closing down. Ceramics has been hit by that really badly and it means that the pipeline of young people coming through is going to be more challenging... I can foresee that, without more support at a higher educational level, there is going to be a big challenge for the industry.”

— Scoping Interview, Employer, Contemporary Crafts

Better links between business and schools, colleges and higher education providers may help to ensure that courses are tailored to the skills needs of the sector in the future.

“If you want to develop the skills needed for our sector, why not work with schools? Why not work with colleges and universities, say, ‘Look, this is what we want to do. We want to really make sure that they are aware of all the range of jobs and things that happen within our industry. How can we do it together?’ There’s that word again, the collaboration, but this time across two different sectors. So, you’ve got the arts and the education sector really working together.”

— Follow-Up Interview, Sole Trader, Theatre

There is a perception that some of the more vocational qualifications, such as Arts Management, lack opportunities for students to gain experience of working in the industry during the degree, which employers regard as essential.

“I mean, the arts management courses...I think they do get quite an interesting range of information but the trouble and the worry for me is that, you know, just the theory of it is not that great, you really need to go out and do it.”

— Scoping Interview, Employer, Dance

Several interviewees state that they took university students on short-term paid work placements to help to provide them with this valuable experience. This is beneficial for the organisation and for the students because it ensures that graduates are better prepared to enter the sector.

Survey respondents were asked to what extent they agreed with a range of statements relating to future skills issues and how they might be addressed. Figure 28 highlights that one potential solution to this skills challenge is attracting skilled workers from other sub-sectors of the creative and cultural industries and/or from outside the sectors.

Approximately eight out of 10 survey respondents agree that their sector could draw upon skilled people from other sub-sectors of the creative and cultural industries (83.5%) in the future; a similar proportion (79.3%) agree that they could draw upon people from outside of the creative and cultural industries.

"It's a small industry and you tend to look to each other. Actually I think it would be more beneficial for us to look outside our little bubble to...business people out in the world... if it was me I'd probably want to go and get mentored by somebody who was the head of a big corporation that has a £1,000,000 turnover to see what that brings to bear to our industry."

— Follow-Up Interview, Sole Trader, Contemporary Crafts

However, there is also a perception amongst a substantial minority of businesses that skilled people do not think opportunities exist in the sector (39.0%) (Figure 28). As a result, it will become increasingly difficult to attract the staff with the right skills to the sector (49.5%) (Figure 28).

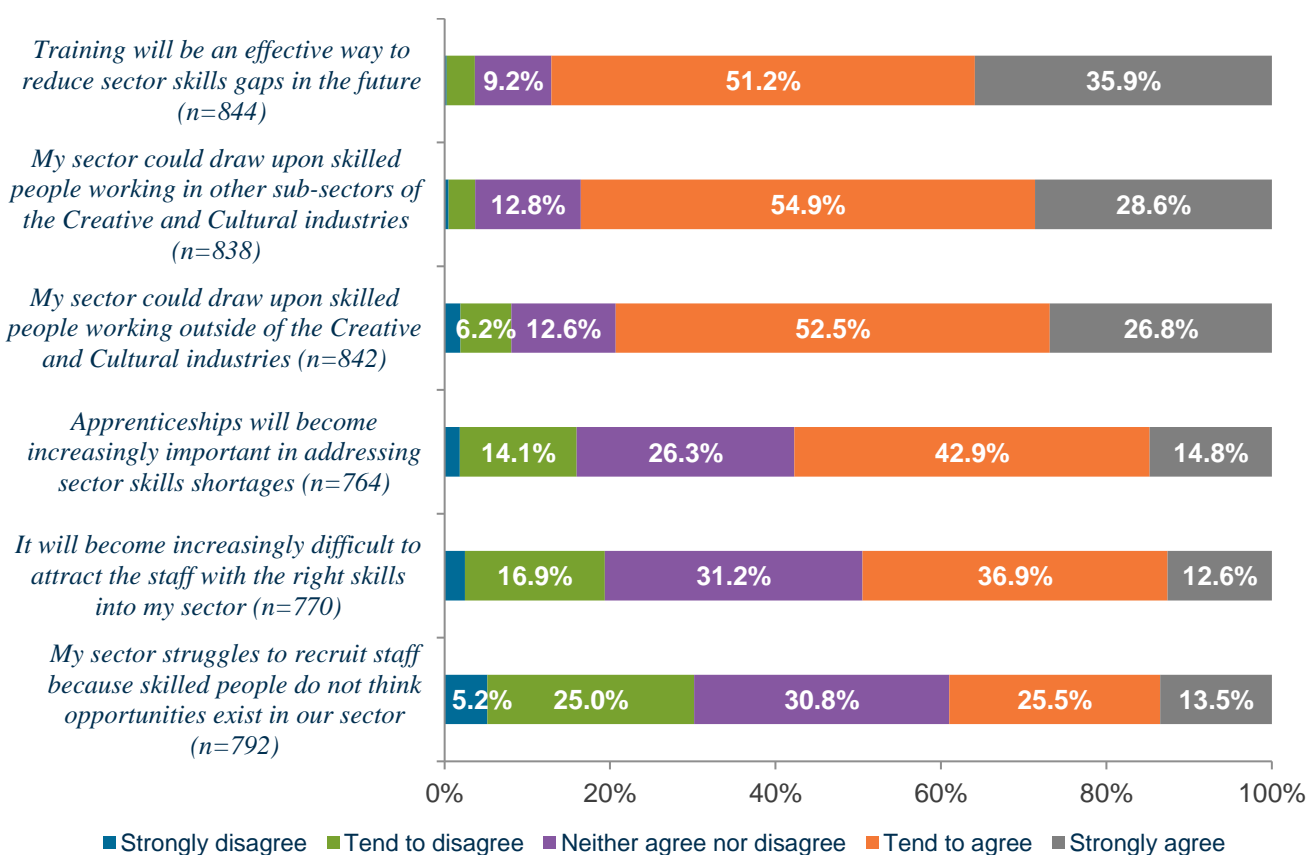


Figure 28: Survey respondents' perceptions relating to future skills issues and how they might be addressed (bases variable)

Increasing the diversity of the creative and cultural workforce is a proposed solution to the future skills challenge. Currently, just a two-fifths of survey respondents (39.5%) agree that the workforce in the creative and cultural sector represents the diversity of the wider UK population.

If you see the demographics of this country, there's a very robust young workforce, particularly from a BME background, who is not engaging very much in the visual arts

and that's changing but it's very slow. We're clearly losing out on these people. People from lower socio-economic backgrounds. These are, kind of, groups of populations that are not accessing our jobs."

— Scoping Interview, Employer, Visual Arts

As noted in the previous chapter, the majority of business leaders would like to see the diversity of the workforce increase, including the demographic backgrounds of their governing bodies (64.1%), because a failure to draw upon the full range of talent available is perceived to be contributing to skills shortages.

"I think we really need to think about leadership in the sector and, also, think about how we create a much more diverse sector of leaders. You know, I think diversity, for me, is really central to this issue of skills and training and people"

— Follow-Up Interview, Employer, Visual Arts

Initiatives such as 'Creative Choices' are designed to increase diversity through raising awareness of opportunities in the sector and continuing this work is critical in order to drive the change in attitudes and cultures that is needed in order to avoid skills shortages in the future. However, employers also feel that schools, as well as colleges and universities also have a role. Interviewees feel that much more could be done to make young people aware of the diverse range of careers available in the creative and cultural sector, and in the business-orientated vocations that may appeal to a more diverse range of young people in particular.

"I don't want to put too much pressure on schools because they've got enough problems of their own, but I think career advice can be woefully uninformed about the creative industries. The obvious thing is, 'Oh, you could be an actor. Oh, you could be a dancer. Oh, you could be an artist.' Well, that's fine, but what about being a producer? What about being an administrator in the arts? What about being a gallery assistant or a programmer or a curator? I could go on....Just looking at television, you see presenters, you don't see the hundreds of people that go into putting that programme together in the control room, in the finance office. They see the creative industries as these wonderful front-of-house performers but it's like an iceberg, isn't it? ... I definitely don't think it comes up on careers guidance at schools or probably even universities to think how you could apply your organisational skills to the sector."

— Scoping Interview, Employer, Dance

Furthermore, most interviewees perceive that while there is no a shortage of performers, there are shortages in the associated roles. Raising awareness of other careers in the creative and cultural sector would help to boost a young person's employment prospects while also addressing future skills needs.

The Creative Employment Programme was also designed to help increase the diversity of workforce in the creative and cultural sector by widening access to underrepresented groups through the development of alternative entry routes. These routes included, apprenticeships, paid internships and traineeships. Increasing apprenticeships offers a further potential solution to the future skills challenge. Almost three-fifths of survey respondents (57.7%) (see Figure 28), and three-quarters of those who already employ an apprentice (73.4%), agree that apprenticeships will become increasingly important in addressing skills shortages. In addition to equipping trainees with the skills employers need, apprenticeships are perceived to have the potential to attract a wider range of individuals to entry-level roles, helping to diversify the sector.

“If you haven't gone to university for whatever reason, it's really, really hard to get into the industry because there's just a bias towards graduates. So, one of the great things about apprenticeships is you can't be a graduate.”

— Scoping Interview, Employer, Dance

“Everybody thinks that apprenticeships in general could be a real route forward for bringing in a wider range of people into this industry, but there's a certain amount of, ‘Yes, but it's really not happening,’ and so we need to change the way we do things quite significantly in order to make that improvement.”

— Scoping Interview, Employer, Theatre

“If we're talking about skills, if we're not just talking about helping people gain knowledge because they're thirsty to learn...if what we want is to give people the right skills to do the jobs that need doing, then, that's what apprenticeships are absolutely designed to do.”

— Scoping interviewee, Stakeholder

Only a fifth (17.5%) of survey respondents overall currently employ apprentices and only a tenth (11.7%) of employers that are experiencing skills shortages perceive apprenticeships to be a solution to addressing these such shortages. This is likely to be, at least in part, because a majority of businesses perceive that organisations in the sector face barriers in recruiting apprentices (59.3%), including half of those (48.8%) who currently employ apprentices. There is, however, a consensus that training would be an effective way of reducing sector skills gaps in the future (87.1%) (see Figure 28).

The main barriers to recruitment of apprentices, as reported by approximately half of respondents, relate to finances. Reflecting earlier findings from the evaluation of the Creative Employment Programme, employers report that they would be unable to meet the costs involved in recruiting an apprentice, while others report that they would struggle to pay salary costs and/or cover training costs. Approximately one third of respondents report that they would be unable to provide an apprentice with the necessary level of support because of a lack of time, resource and capacity to train and mentor an apprentice.

Interestingly, a small proportion of respondents perceive that there is a lack of appropriate apprenticeship frameworks in some career areas in the creative and cultural sector. A minority of respondents also perceive that the bureaucracy involved and a lack of familiarity with the process are barriers to taking on an apprentice.

07. CONCLUSIONS

The Skills Challenge

There has been significant growth in the creative and cultural industries in recent years which has far outstripped the UK economy as a whole. Sustaining this growth in the context of political uncertainty and an austere fiscal climate presents a key challenge. Rapid advancements in digital technologies are breaking down barriers and changing the way people interact with and consume arts and culture in a global economy. A digitally literate workforce is, therefore, needed to capitalise on the opportunities this presents. However, current evidence suggests that difficulties recruiting digital skills in a competitive labour market, and a lack of workforce training and continuous professional development (CPD), are contributing to skills gaps and shortages. There are concerns that the reduction in the number of schools and colleges offering art and design courses and the decrease in the number of young people studying these subjects will exacerbate skills issues, with implications for the pipeline. Furthermore, the development of leadership and management skills is identified as an ongoing issue, particularly the ability of leaders to adapt to technological change, develop effective strategies and sustainable business models, and diversify their funding streams in order to reduce their reliance on public funding.

*Great Art and Culture for Everyone*⁴² sets out a 10 year mission and strategy for the creative and cultural sector underpinned by five key goals. ‘Goal 4: diversity and skills’ is designed to ensure that the creative and cultural workforce comprises people from a range of backgrounds who are appropriately skilled at *all levels*, including senior leadership. Sector bodies, such as Creative & Cultural Skills, are working to address skills issues by attracting a more diverse workforce into the sector through enhanced information, advice and guidance, the development of alternative entry routes (including apprenticeships) and support for leaders. But challenges remain. To further develop this work, and in order for ACE to achieve its strategic goal, it is important to understand current as well as likely future skills gaps and shortages, the barriers to skills development, and the implications of skills issues for sustainability and growth. Evidence on skills gaps and shortages within the ACE footprint, particularly amongst micro businesses and sole traders, was limited because national datasets, such as the ESS, do not include these types of business. The evidence presented in this report goes some way to plugging the gaps in the evidence base and provides insights to inform strategies to overcome the challenges and ensure the sector continues to thrive.

⁴² Arts Council England, (2013). Great art and culture for everyone. London: Arts Council England.

Skills Gaps and Shortages

This skills assessment demonstrates that approximately a third of businesses within the ACE footprint are experiencing skills gaps and shortages at all levels and amongst all types of occupation. These gaps and shortages impact individuals, businesses and the success of the sector as whole, as skilled staff become overburdened, efficiency is reduced, and the development of new and innovative products and services is inhibited. Although fewer skills gaps and shortages are identified at the senior level amongst associate professional and professional occupations, these are significant because they are more challenging to address and have implications for sustainability and growth.

A background in the creative and cultural sector is commonly regarded as a prerequisite for senior leadership roles. However, creative practitioners do not necessarily possess the requisite business skills to be effective leaders, such as financial management, strategic planning and networking. Broadening recruitment practices and behaviours to attract skilled leaders from outside the sector is one potential solution. A key advantage of this approach is that it presents an opportunity to learn from other sectors, for example, how to develop more commercial business models that are less reliant on grant funding and fundraising. The growth in apprenticeships and the opportunities presented by the apprenticeship levy also offer a potential solution and there is evidence that some businesses are plugging higher level skills gaps with Level 7 apprentices. However, a lack of understanding of the apprenticeships system prevails along with concerns about the suitability of the new standards and the infrastructure required to support an apprentice through their training.

Digital skills are becoming increasingly important in the global economy, yet this skills assessment confirms that there is a shortage of skills in this area as well as a lack of digital literacy and confidence amongst many senior leaders. A fuller understanding of how new technologies can enhance processes in all areas of a business – from production, through marketing and communications, to sales and e-commerce – is needed to enable leaders to design and implement strategies that harness the power of technology to help expand, diversify and grow their business in a sustainable way.

Although leadership and management are key priorities for the creative and cultural sector, it is also important to address current and likely future skills gaps and shortages amongst the wider workforce. Recruitment is one way to address skills issues. However, this skills assessment highlights that a substantial proportion of vacancies are hard to fill because of a shortage of applicants overall and/or a shortage of candidates with the requisite skills. Low wages, poor terms and conditions, and competition from other sectors are perceived to impact on the number and quality of applicants to the sector. Furthermore, skilled staff can be attracted by opportunities to undertake creative roles in businesses outside the sector, resulting in a 'skills drain'. Training, outsourcing,

collaborative working, peer support/mentoring and work shadowing are some of the other ways employers are currently addressing these skills issues in the short term.

Developing the Pipeline: Priorities for the Future

While it is important to address current skills issues, it is crucial to take a long-term view and to put measures in place to ensure that the next generation is equipped with the skills for a career in the creative and cultural sector of the future. The findings from this skills assessment also emphasise the importance of addressing issues at each stage of lifecycle in order to develop a sustainable pipeline of talent:

Educate: Ensure creative art and design education equips young people with the fundamental technical skills they need to work in the creative and cultural sector. Vocational education and training, along with higher education, must keep pace with developments within the sector and support learners to develop the business, as well as the creative, skills needed to succeed in work or self-employment. In addition to the work of the National Skills Academy for Creative and Cultural, closer links between education providers (schools, colleges, training providers, HE institutions), arts organisations and employers more broadly could help to address deficiencies in current provision and ensure education and training meets the needs of employers, both in new and emerging industries and the ‘master crafts’.

Inspire: It is important to continue to work to raise awareness of the range of careers in the creative and cultural sector and the benefits of studying creative subjects through effective information, advice and guidance for young people and meaningful work experience, including paid internships.

Recruit: It is important to build on the legacy of the Creative Employment Programme and continue to challenge prevailing recruitment practices and behaviours. Broader approaches, including partnerships with organisations such as Jobcentre Plus and the development of alternative entry routes such as apprenticeships, help to widen access to the sector to diverse groups and increases the talent pool by encouraging those who otherwise might not have considered a career in the creative and cultural sector to apply.

Train and retain: The evidence suggests that employees are motivated to train and develop. It is, therefore, important to invest CPD and develop creative ways to overcome time and resource constraints in order to enable staff to engage. In addition to ensuring workforce skills remain up to date and staff are able to adapt to change, training can engender loyalty and support retention, particularly if it is coupled with a suitable system of rewards and opportunities for progression.

APPENDIX 1: SURVEY RESPONDENT PROFILE

Below we present information regarding the breakdown of survey respondents to contextualise the types of employers and sole traders who participated in the research.

SOLE TRADER VS EMPLOYER

Figure 29 provides a breakdown of the proportion of respondents that are sole traders or employers.

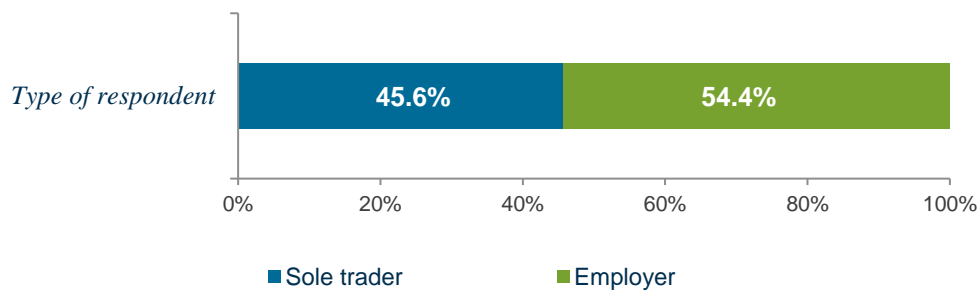


Figure 29: Sole traders vs employers (base=861)

ORGANISATION SIZE

Figure 30 shows a breakdown of respondents' organisational size.

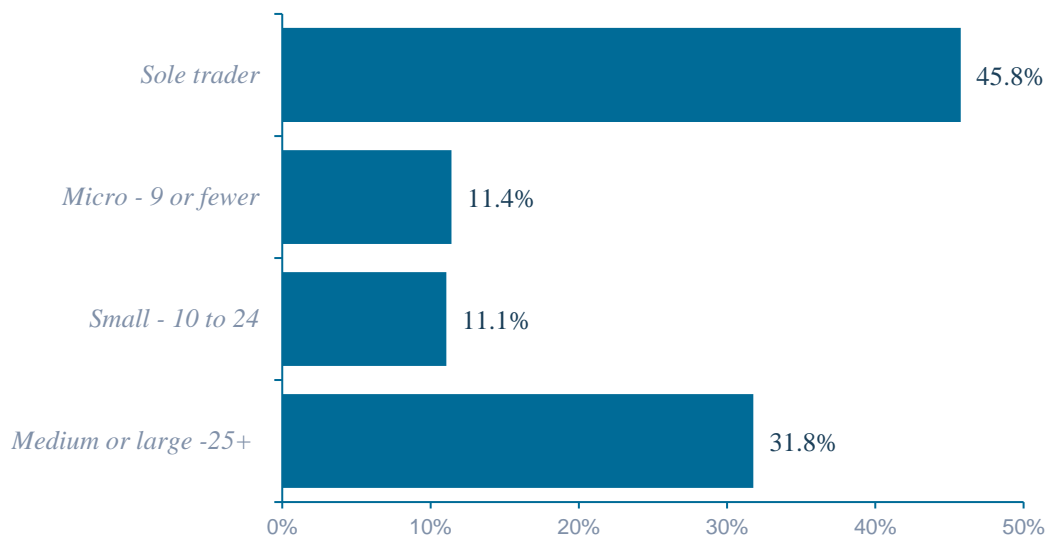


Figure 30: Employer size (base=859)

EMPLOYER RESPONDENT ROLES

Figure 31 shows a breakdown of employer respondents' job roles.

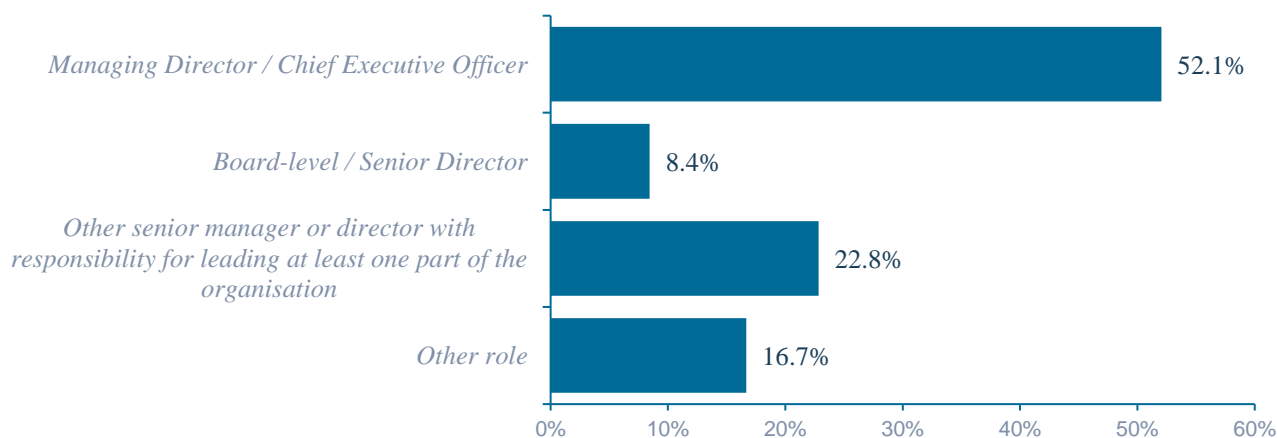


Figure 31: Proportion of employer respondents by role (base=486)

SECTOR

Figure 32 provides a breakdown of the creative and cultural sectors that survey respondents' operate in.

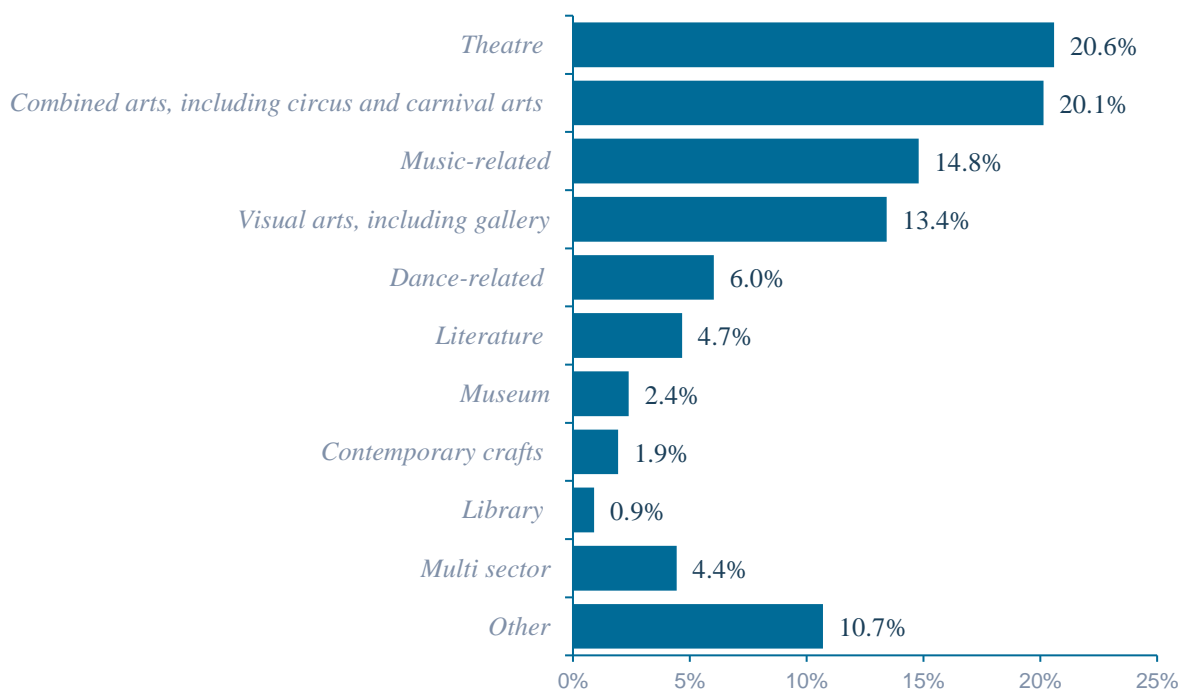


Figure 32: Sector breakdown of survey respondents (base=879)

REGION

Figure 33 provides a breakdown of the geographical regions where respondents are situated.

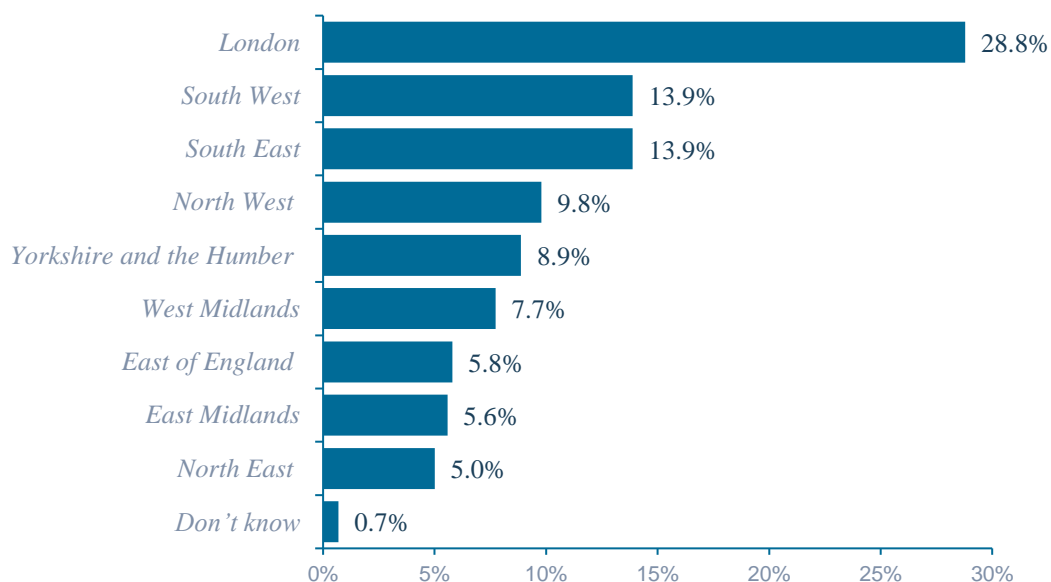


Figure 33: English regions (base=879)

OCCUPATIONS

The survey explored the occupational make up of employers' workforces using the Standard Occupational Classification (SOC) system. Table 1 highlights the mean average proportion of staff within each of these occupational groups across all employer respondents and provides an indication of roles, specific to the sector, which fit within each of these occupational groups. These findings suggest that a large proportion of the workforce sit within a higher occupational category (Managers and senior officials; Professional occupations; Associate professional and technical occupations).

Occupational group	Sector specific role examples	Average proportion
Managers, directors or senior officials	Chief Executives; Managing Directors; Proprietors; Finance or IT Managers/Directors; Sales Managers/Directors; Advertising / PR Directors; HR Directors	30.8%
Professional occupations	Electronics, Design, Production or Other Engineers; IT Specialists, Programmers or Analysts; Conservationists; Librarians; Curators; Research, Legal Professionals; Accountants; Business Professionals; Journalists.	15.0%
Associate professional and technical occupations	Artists; Authors; Actors; Dancers; Musicians; Photographers; AV, Electrical, Engineering, IT or other Technicians; Designers; Importers/Exporters; Sales / Business Managers; Exhibition Managers; Conservation Assistants.	21.9%
Administrative and secretarial occupations	Finance, Administrative, Library, Sales or other Officers, Clerks and Assistants; Secretaries; Receptionists, Personal Assistants.	20.6%
Sales and customer service occupations	Sales / Retail Assistants; Cashiers; Telesales / Telephonists; Merchandisers; Sales Supervisors.	3.6%
Skilled trades operatives	Electricians; Telecommunications, Audio, TV or Video Engineers; Carpenters; Builders; Other Construction Trades; Tailors; Weavers; Textiles; Printing technicians; Chefs; Bar Managers; Furniture Makers; Craft Workers	2.7%
Elementary occupations	Cleaners; Security Guards; Porters; Waiters; Bar Staff; Attendants.	3.6%
Process, plant and machine operatives	Glass, Ceramic or Textile Process Operatives; Print, Metal, Wood Machinists; Sewing Machinists; Scaffolders, Stagers or Riggers; Drivers.	0.4%
Caring, leisure and other service occupations	Housekeepers; Caretakers; Cleaning Managers / Supervisors; Leisure / travel service occupations; Hairdressers / Barbers.	1.5%

Table 1: Average proportion of employees within each occupational group across all survey respondents (base=455)

Sole traders' occupations

Exploration of sole traders job titles and what they do in their day to day roles shows a similar pattern, whereby almost half (47.9%) are Managers, directors or senior officials; a tenth (12.2%) have a Professional occupation; and two-fifths (38.3%) are Associate professionals.