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U.K. biz woes creep up on Henson Creature Shop

By DAVID S. COHEN

E-mails were flying last week following a posting on U.K. gossip site Popbitch, saying that the Henson Creature Shop's London workshop, one of the most venerable and admired effects shops, had notified employees that it will close in 30 days.

Some cited this as a further sign that animatronics, Henson's specialty, is being replaced by digital animation. But according to the Henson Co. and some in the *f/x* biz, the problem isn't Henson but London.

On the technology side, Henson has already added digital effects to its mix: for "Are We There Yet?" it provided the digital Satchel Paige bobblehead doll. Furthermore, the Creature Shop's New York and Hollywood locations are not affected by the cuts.

Company did inform employees, as it must under U.K. law, that it's considering layoffs and may shutter its London shop.

Such notice is not given lightly. Jim Henson Co. prexy Peter Schube told *Daily Variety* that management is considering "a wide range of options" for the London shop and that no final decision has been made, but it's unlikely that the company would put its employees on notice unless a major retrenchment or closing was all but certain.

Schube insists something could happen that would keep the doors open, like a fat new creature assignment.

"But that's a short-term fix," he conceded. "The problems that are plaguing the London film business are long-term problems."

Nor are they unique to the Creature Shop, he said, citing "the dollar-to-pound exchange rate and the lack of certainty with respect to tax incentives.

"Projects are leaving the U.K. that previously might have been shot there," he said. The Henson Creature Shop has seen its

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London business decline while its New York and Los Angeles workshops are holding firm.

Some U.S. visual effects and post-production shops are experiencing the same trend. They report they're getting more resumes from Americans who had relocated to Soho and that they're suddenly finding themselves able to bid competitively against U.K. *f/x* houses that have had an edge for years.

Others say that they've seen a shift of *f/x* work away from London, though the main beneficiary is Australia. That's consistent with warnings from the U.K. production community after the Blair government tightened production tax breaks at the end of last year (*Daily Variety*, Dec. 6).

The Henson Co. will stay in business in the U.S. regardless of what happens in London, Schube said.

The Creature Shop works on Henson's internal projects as well as outside films. Work for outside clients will likely shift entirely to New York and L.A., and the London office could become a turnkey operation that could staff up on short notice for Henson projects like the recently announced "Dark Crystal" sequel.

"What we wouldn't have is a fully staffed Creature Shop operation" in London, said Schube.