



ukie



Video Games Industry Manifesto

Making the UK the best place to
make, sell and play video games.



Video Games Industry Manifesto

The UK is one of the best places in the world to make, sell and play video games. This manifesto is Ukie's plan for how we can make sure it stays that way.

The UK games industry has been an incredible success story over the past decade.

As one of the largest and fastest-growing creative sectors, we have a fabulous story to tell: our contribution to the UK's digital growth across all regions of the UK, the creation of high skilled jobs, our commitment to the digital up-skilling of children and our unique combination of artistic creativity and groundbreaking technology. With this success also comes responsibility – the industry has been a pioneer of safe and responsible play online and we continue to use the growing recognition of the sector to showcase the positive impact that video games can have for the UK's economy and society.

The profound impact of the UK games industry on global popular culture is undeniable, and its potential for artistic innovation is immense. Video games are a central part of modern popular culture with broad appeal to a diverse audience. 86% of people aged 16-69 in the UK played games in 2020, with male and female players equally represented¹. In regards to online play, Ofcom's recent Online Nation 2022 report found that 39% of UK adults and 56% of UK children play games online².

To meet our growth ambitions, we must overcome several barriers.

The UK industry however faces several challenges. The sector faces an acute skills crisis which is a significant barrier to further growth, whilst smaller developers and projects continue to struggle to find funding to get projects off the ground via traditional finance

routes. With a vacancy rate of over 8%, the cost of inaction is acting as a drag on the industry, and we estimate is resulting in missed growth of £133 million in GVA per year.

Furthermore, there is increasing competition globally in an ever-growing global market, with other nations replicating generous tax reliefs or developing clear growth strategies for their domestic games industries. Canada has been a leader in introducing a video games tax relief, whilst countries like Ireland, France and Australia have all since established or renewed generous tax reliefs to attract foreign direct investment and grow their domestic industries.

The UK games industry stands at a key juncture. The cost of inaction is great – and without clear interventions now, we are in danger of losing our competitive edge. This manifesto sets out three priority areas for action that will ensure the UK remains a world-leader in the video games industry:

- Ensure we have the right education and skills provision available to develop the talent needed for businesses to thrive.
- Develop an accessible finance and funding ecosystem which enables small and medium sized developers to grow.
- Maintain a smart and stable regulatory framework which encourages entrepreneurship and investment.

The next Government, whoever that will be, must work with the industry jointly to tackle these challenges to continue growth in our sector, nurture the development of innovative and creative content and maintain the UK as the best place in the world to buy, sell and make games.

¹<https://info.savanta.com/uk-gaming-attitudes-and-behaviours>

²https://www.ofcom.org.uk/_data/assets/pdf_file/0023/238361/online-nation-2022-report.pdf

1

Putting creativity back at the heart of the national curriculum through a 'digital creativity GCSE' and by ensuring comprehensive coverage of digital and technical skills at all key stages.

2

Reforming post 16 education through greater flexibility in the apprenticeship levy and closer collaboration with the industry to develop technical standards.

3

Reintroducing a skills investment fund dedicated to the games industry with a games specific delivery body to help tackle skills shortages.

4

Renewing the UK Games Fund for an additional 3 years with an increase in its budget to fund more varied content.

5

Prioritising local growth through targeted resources from local authorities and devolved Governments to support video games clusters in our various regions and nations.

6

Developing smart regulation which supports innovation and ensures the UK remains the best place to make, sell and play games.

7

Reducing visa fees and bureaucracy for skilled workers temporarily to alleviate short term skills gaps for UK businesses.

The UK video games industry is also an economic powerhouse and a hotbed for the development of emerging technologies.



Generating

£6 billion

in gross value added (GVA) to the UK economy



Supporting

76,000

FTEs across the UK



Average GVA per FTE is

£113,000

nearly double that of the UK economy average



Globally the sector is projected to be worth over

\$200 billion

by 2025 - more than film, tv and music combined³



The games industry is distributed throughout the country, with 23 key locations nationwide and

over 55% of games

development jobs based outside of London and the South East



Significant spillover effects of video games technology into other sectors like advanced manufacturing - contributing to

a further 760 million

in GVA in the UK alone

Education and skills



Putting creativity at the heart of the curriculum

We're calling on Government to prepare young minds for the workplace of the future through the introduction of a new Digital Creativity GCSE.

The digital age has ushered in a new era of possibilities and challenges, including a profound transformation in the job market, with an increasing demand for skills that go beyond traditional academic disciplines. Technical skills combined with creative thinking are essential to harness the potential of emerging technologies and to address complex societal issues. Our current curriculum does not offer subjects that blend these disciplines and traditional subjects like art do not adequately cater for new digital or technical applications that will underpin the jobs of the future.

The educational landscape needs to adapt to prepare young people for the challenges and opportunities that lie ahead and help

address a UK games industry skills gap—which is negatively affecting our industry and the wider creative economy. Employers indicate that about one-third of vacancies they find difficult to fill are, to some degree, attributable to a lack of appropriate digital skills amongst applicants⁴. In addition, the Lords Communication Committee argued in their latest report that “over the next decade there will be a huge demand for workers with a blend of digital and creative skills.”⁵ Industry members agree that developing more comprehensive digital skills in primary and secondary schools can provide students with a strong foundation in technology as well as computer science, preparing them for the jobs of tomorrow.



To create the right talent to address these skills concerns, it is imperative that the Government reconsiders the composition of the national curriculum, placing digital skills at its core.

This entails not only imparting essential knowledge but also nurturing cultural and creative skills that are indispensable for both further education and the dynamic nature of the modern workforce. This holistic approach to education will empower students to thrive in a world where creativity and technological proficiency are vital components of success. It's time to place creativity at the heart of learning and pave the way for a more resilient and innovative society.

“The national curriculum and the EBacc are “too narrowly focused to ensure that [they prepare] all young people for the modern labour market and the essential, technical and creative skills it requires, in particular for the creative, green and digital sectors.”

HOUSE OF LORDS YOUTH UNEMPLOYMENT COMMITTEE⁶.

⁴M. Winterbotham, D. Vivian, et al., “Employer skills survey 2017, Research report”, Department for Education, 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733509/Employer_Skills_Survey-report.pdf

⁵<https://publications.parliament.uk/pa/ld5803/ldselect/ldcomm/125/125.pdf>

⁶Youth Unemployment Committee, Skills for every young person (Report of Session 2021–22, HL Paper 98)



Education and skills

Reforming post-16 education

We're calling on Government to reform the apprenticeship levy allowing it to be used more flexibly for more training, upskilling and attracting career switchers, as well as for wider range of on-the-job costs.

In principle, apprenticeships present a significant opportunity for the development of key skills that the video games industry requires. However, in practice, the apprenticeship levy is not fit for purpose due

to the expense and inflexibility of the current system, which is not tailored to employer needs in the video games industry. As a result, despite our members agreeing with the principles and intentions of apprenticeships,

There is currently estimated to be over **£4.2 million** in unspent apprenticeship levy funding and many game studios expressing willingness to engage in apprenticeship programs

INTO GAMES ANALYSIS, 2021.

they are underutilised by the sector. Very few studios feel that they have made apprenticeships work for them, and this fuels perceptions that the current apprenticeship levy is another tax on business.

By introducing reforms to unlock the latent value of apprenticeships within this sector, we could help bridge the current talent gap, foster greater workforce diversity, and extend economic benefits to the UK's regions.

However, challenges include the lack of suitable skills providers, inflexibility in delivery, a lack of internal resources to manage apprentices and scheduling constraints. To harness the power of apprenticeships in the games industry, a tailored approach is essential. Rather than adopting a one-size-fits-all model, the sector should collaborate with educational institutions and industry experts to design apprenticeship programs that align with the industry's specific needs. These programs could focus on areas such as game design,

programming, animation, and quality assurance, providing aspiring game developers with hands-on experience and industry-relevant skills.

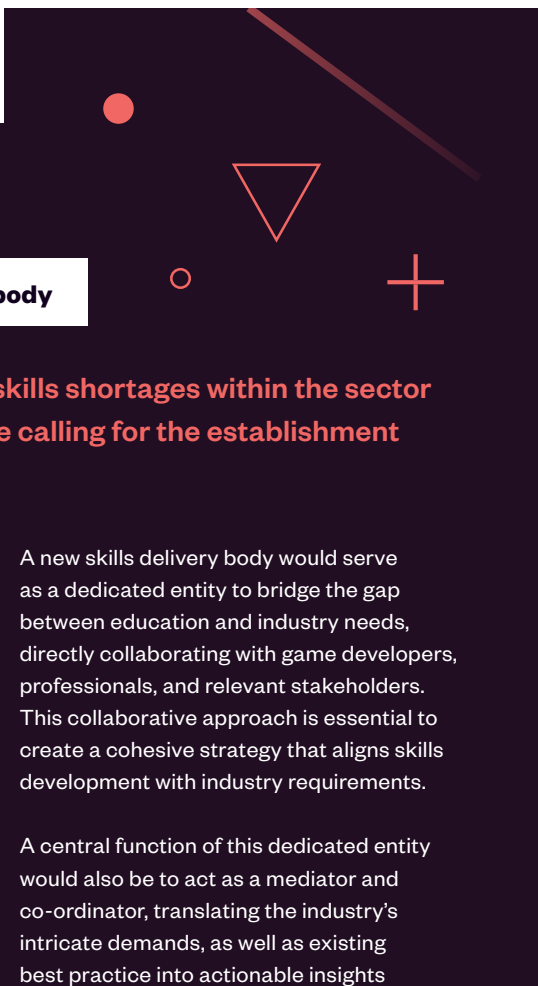
Allowing flexibility will provide more value to the apprenticeship levy and allow companies to train the right homegrown talent, further developing opportunities in the workforce.

In addition to designing specialised apprenticeship programs, there's also a need to raise awareness about the benefits of apprenticeships within the industry. This can be achieved through targeted outreach campaigns, workshops, and seminars that highlight the value of apprenticeships in building a skilled and diverse workforce. Partnerships between game studios, educational institutions, and industry associations can play a pivotal role in promoting apprenticeship opportunities and providing students with a clear pathway into the games industry.



Education and skills

Introducing an industry-specific skills body



To effectively address the persistent skills shortages within the sector and ensure its continued growth, we're calling for the establishment of an industry-specific delivery body.

The dynamic landscape of the video games industry is marked by rapid technological advancements, ever-changing consumer trends and growth in the availability and quality of content available to players. With this growth comes competition, often between studios for the very best talent available which has led to persistent shortages and high vacancies in the industry given the lack of sufficiently skilled talent in the UK. To date there is effectively no organisation which researches, measures or offers solutions to industry wide skills shortages and vacancies.

A new skills delivery body would serve as a dedicated entity to bridge the gap between education and industry needs, directly collaborating with game developers, professionals, and relevant stakeholders. This collaborative approach is essential to create a cohesive strategy that aligns skills development with industry requirements.

A central function of this dedicated entity would also be to act as a mediator and co-ordinator, translating the industry's intricate demands, as well as existing best practice into actionable insights

for educators and learners alike. This bridge-building function would ensure that educational curricula remain current, responsive, and closely intertwined with the industry's demands. It will also ensure co-ordination with and learning from any existing best practice from specialist providers for the games industry.

By directly engaging with game developers, professionals, and those on the frontlines of innovation, this body would facilitate the creation of programs that develop a workforce capable of thriving amidst the rapid technological shifts and dynamic market trends.

Whilst there are a few bodies that exist across the screen sector which offer training schemes for workers in the industry -these are often focussed on film and high-end TV and are not applicable to the skills required

to work in the video games sector. There is a long running issue of the games industry trying to fit 'square pegs to round holes' in the case of wider available support for skills provision – however as a mature and developed industry, we need a tailored solution.

The establishment of an industry-specific body is not just a pragmatic response; it is an imperative step toward fortifying the video games sector against the challenges that accompany growth. By fostering collaboration and in drawing together existing best practice and delivery in this area, this initiative embraces the collective wisdom of those who understand the sector inside and out. Through this synergy, education can be tailored to produce graduates equipped not just with degrees, but with the nuanced and adaptable skills that the industry so fervently demands.



Education and skills

Reintroducing the Skills Investment Fund

We're calling on Government to reintroduce a Skills Investment Fund (SIF) to help boost skills, training and development for roles in the video games industry.

A central role of this industry-specific body would be the management of funds and programmes to better support companies in their skills and training needs. Members overwhelmingly highlighted previous initiatives such as the SIF and the Kickstart scheme as popular programmes which directly boosted the number of available roles in the industry.

To maintain and enhance the sector's global reputation for groundbreaking games, augmented reality (AR), virtual reality (VR),

and other emerging technologies, a constant influx of skilled talent is required. Members have pointed in the past to schemes which allowed studios to take on more junior talent, such as the SIF which previously helped the industry alleviate specific and critical shortages at a short notice, particularly at junior level, all whilst expanding opportunities. Our members also remarked on the work readiness of some graduates who in some cases do not have the specific technical knowledge required to immediately move into an industry role.

The industry has a stubbornly persistent vacancy rate of over 8% - double that of wider information and communications sectors. Vacancies at entry level have shrunk – with a blockage in studios in terms of progression as they compete for a limited pool of senior level talent.

For that reason, amongst others, games companies have concentrated on more senior hires which has restricted opportunities for juniors trying to get into the industry.

A skills investment fund could be used for additional training to de-risk the hiring of recent graduates or be used to allow companies to upskill existing employees so they can progress through companies, thereby increasing the UK's currently limited pool of senior-level talent and for more opportunities to be opened at a junior level.

By strategically allocating resources to address specific skill gaps, the industry can proactively cultivate a well-rounded workforce equipped to meet the demands of a rapidly evolving sector.

The fund would also enable underrepresented groups within society to be able to pursue a career in a sector they have a passion for. Diversity and inclusion are critical for creativity and innovation. A dedicated fund can promote initiatives aimed at attracting underrepresented groups into the industry, thereby fostering a more diverse and dynamic workforce. By supporting outreach programs, scholarships, and mentorship opportunities, the fund can actively contribute to creating a more inclusive industry.

The UK faces intense global competition in the video games and esports sector. Other countries are investing heavily in nurturing their talent pools and providing attractive incentives to game developers. To remain globally competitive, the UK needs to create an environment that not only attracts top talent from around the world but also nurtures and retains its homegrown talent. A Skills Investment Fund can help make the UK a destination of choice for game development professionals.



Access to finance and funding

Renewing and expanding the UK Games Fund

We call for Government to renew the UK Games Fund, and increase it to £30 million over three years, ensuring support for a broader range of projects which effectively nurtures industry growth.

Since its inception in 2015, the UK Games Fund has been a cornerstone for the national video games industry. Over the course of its operation, the fund has launched more than ten rounds of funding, offering up to £25,000 to promising projects and visionaries in the sector.

When discussing the issue of funding with members we heard from many companies that it was still difficult to access funding for projects through traditional avenues and that in some cases funding opportunities intended for the wider screen sector did not always immediately apply to games development.

Countries like Canada, France and Germany are doubling down on their investment in the video games sector. The introduction of substantial funding systems, such as Germany's recent initiative to increase their own national games fund to €70 million, which since its introduction in 2020 has helped increase the size of the German games industry by 46%, underscores the urgency with which international competitors are acting.

Members from the industry have consistently highlighted the challenges and bottlenecks posed by insufficient financial support in the UK. Despite the evident success stories, often one of the only routes

According to the BFI Screen Business Report in 2016, the overall economic impact of the sector was £2.8 billion – however the equivalent figure for 2021 from upcoming research by Ukie / Nordicity is £6 billion, showing that the value of the industry has more than doubled.

for UK developers to grow is to be acquired by larger entities due to lack of relevant or tailored financial avenues. From a modest funding settlement, the games fund has had helped fund studios who have seen exceptional commercial success including Roll 7, FuturLab, and Tag Games. It also fulfils a wider remit of helping to develop a wider range of games which have public and social value. Evidence has shown that the video games industry overall provides a positive return on investment when it comes to support from Government.

The Government has recognised this in its recent additional £5m of funding for the UK Games Fund which is aimed at developing more varied content, through larger targeted grants for projects reaching maturity. However, in the face of ever-growing international competition – the next Government should be more ambitious in its support for our sector and the UK Games Fund when it looks to renew its funding beyond 2025.

Video game culture in the UK is undeniably vibrant, but without a competitive edge in funding, we risk falling behind on the global stage.

It is therefore imperative to renew and significantly expand the UK Games Fund. An amplified commitment from the government can lead to increased investment, job creation, commercially successful games and the development of a greater variety of culturally rich intellectual property. Addressing these industry demands – from preserving intellectual property to the intricate challenges of sourcing finance – is paramount. Moreover, such a revamped system would cater to the bespoke needs of the video games industry in our regions and nations, further bolstering regional growth and championing local hubs.

The impact of the UK games fund cannot therefore be underestimated – and whilst there are a great number of recognisable successes through the fund, we must also accept the evolving and competitive landscape of the global video games industry.

Access to finance and funding

Prioritising local growth

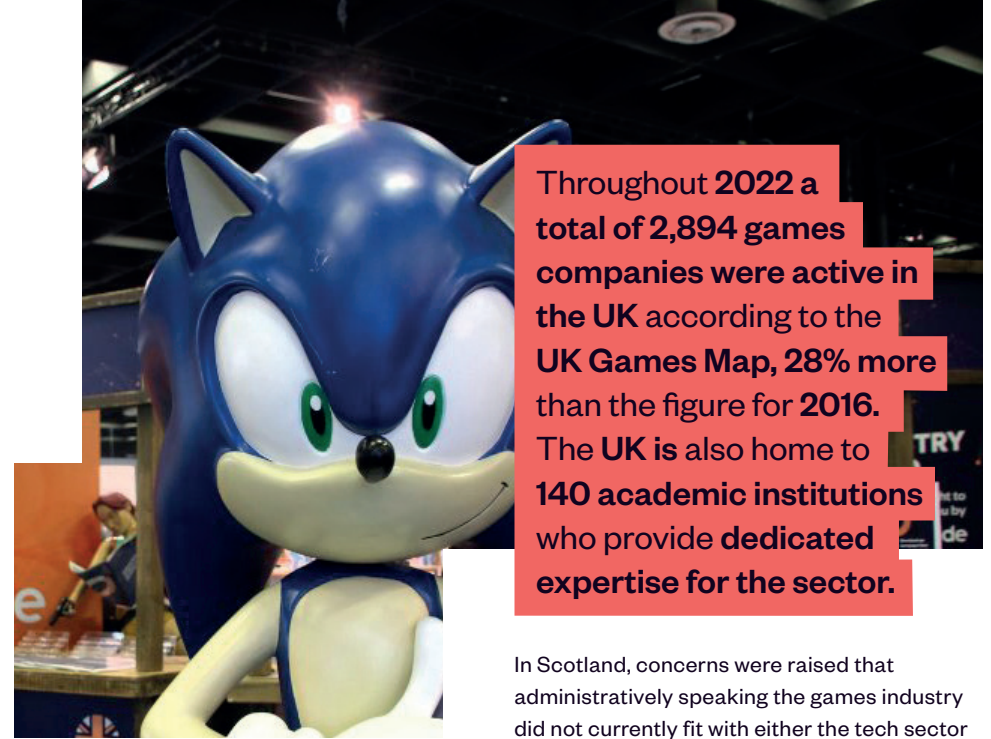
We're calling on local and combined authorities, Mayors and devolved administrations to prioritise local measures to further support the growth of video games clusters. We're also calling on Central Government to identify nascent games clusters and develop strategies in partnership with Local Government in order to foster their development.

The games industry remains one of the most compelling sectors for driving the UK's levelling-up agenda. Across the UK it offers highly innovative, high-skilled jobs which are often at the forefront of the creation and adoption of new technologies which can have a huge spillover effect into other sectors. Our industry continues to grow, despite difficult economic conditions and specific challenges to the sector.

55% of direct development roles are situated outside of London and the South East – with key clusters in places like Liverpool, Manchester, Newcastle upon Tyne, Leamington Spa, Leeds, Dundee, Glasgow and Edinburgh.

This is in addition to well established clusters in the South of England such as Guildford and Brighton.

Devolved Governments as well as local, regional, and combined authorities are in some cases taking proactive measures, collaborating with the sector to foster the growth of these hubs. However, there is a great deal of untapped potential that can be realised with more targeted support. By crafting targeted growth strategies that accentuate the local strengths of these clusters, both national and local government can support further growth in the industry.



Throughout 2022 a total of 2,894 games companies were active in the UK according to the UK Games Map, 28% more than the figure for 2016. The UK is also home to 140 academic institutions who provide dedicated expertise for the sector.

This firstly involves acknowledging the games industry's local economic and cultural value and supporting local game-specific initiatives. Games London, working in partnership with the Mayor of London has been an incredible success story with the London Games Festival not just celebrating games culture, but also facilitating investment for UK based companies. Places like Guildford and Leamington Spa have also seen the success of local festivals – whilst other regional games groups are seeking to partner with educational entities to forge robust local skills programs in their areas.

We have seen organisations such as Northern Ireland Screen match fund grants for content production, whilst Liverpool City Region has directly supported video games companies on a range of trade missions. Recently the Welsh Government was instrumental in attracting studios making AAA games to Cardiff.

In Scotland, concerns were raised that administratively speaking the games industry did not currently fit with either the tech sector or creative industries and that recognition by the Scottish Government must be clear so that appropriate departments can adapt to help the industry grow. By adapting regulatory best practices from different areas, we can cultivate a more supportive environment that respects and acknowledges regional and national characteristics.

The UK video games industry has been an engine of growth for well over a decade, strengthening regional economies and creating genuine clusters of creative excellence across the nation. Local and combined authorities can play their part in ensuring that this growth story continues, and in supporting the industry to overcome the challenges it faces. With the right investment and support, our existing clusters can go from strength to strength. There is no one size fits all, but it is vital that administrations in our nations and regions have the freedom and funding to support these opportunities.



Smart regulation

Developing smart regulation

We call on Government to develop smart regulation in order to support innovation and ensure that the UK remains the best place in the world to make, sell and play games.

The UK's remarkable trajectory over the past decade has fortified its status as Europe's epicentre in the global games industry. Yet, as the landscape grows increasingly competitive, regulatory decisions by Government will play a critical role in ensuring our momentum isn't stifled. The need for smart regulation emerges from concerns raised by members about the increasing complexity of doing business in the UK.

We introduced age ratings in the UK thirty years ago and have seen them grow into the PEGI system supported by an enforceable code of conduct and empowered through parental controls on all major devices. This self-regulation continues to evolve alongside our games, with a newly updated PEGI Code in place and with the industry's Age Assurance Expert Panel recently formed to give advice on future means to protect children from unsuitable interactions.



The Online Safety Bill is a step-change in the legal environment surrounding that self-regulation. It is vital that Ofcom takes a proportionate approach to using its new powers, reflecting our industry's decades of work and the unique nature of interactions within video games. It is vital to ensure new rules are proportionate to an industry that is over 95% SME.

The UK's leadership in the global games industry hinges on a regulatory environment that is agile, informed, and responsive to the needs of complex industry. Government and regulators must work with industry to ensure future regulations do not stifle innovation and continue to ensure that the UK is the best place in the world to make, sell and play games.

The UK's enviable position in the games industry stands threatened with potentially complex alterations to existing incentives such as the introduction Video Games Expenditure Credit.

To safeguard our industry's vibrancy, any revisions to these guidelines must steer clear of increasing administrative burdens on UK companies, or any changes which affect the effective rate of the relief and undermine its competitiveness in relation to other global regimes. Furthermore, the administrative processes associated with claiming these benefits must retain their simplicity, mirroring the ease of earlier systems. Failure to do so

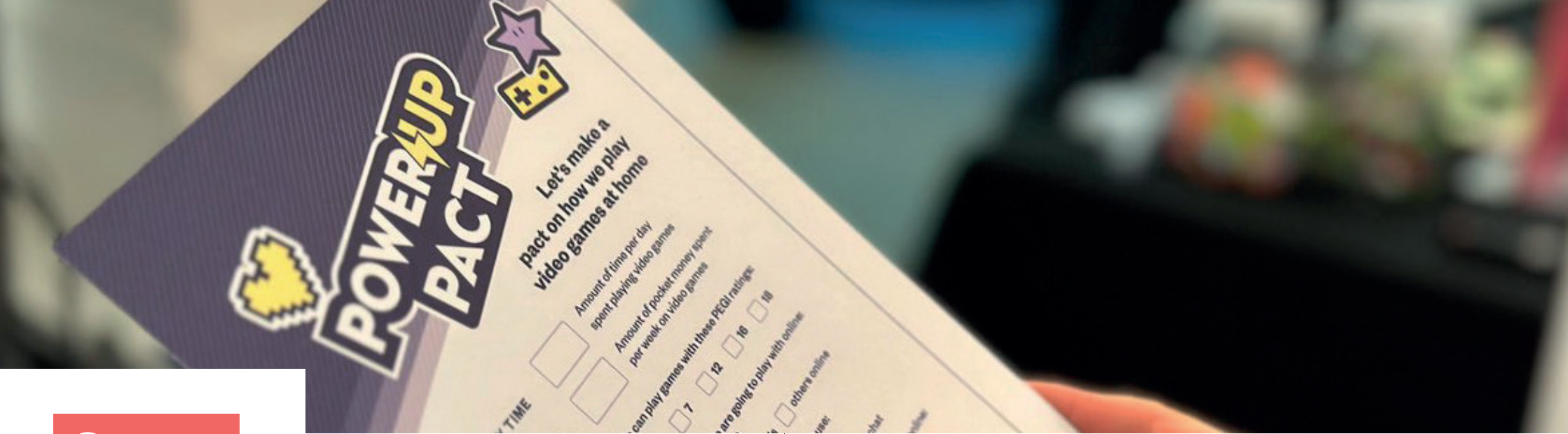
"Our industry has a long and proud history of self-regulation."



will put the UK at an immediate competitive disadvantage to new, generous reliefs in other European countries.

Elsewhere, as the Government grapples with issues like AI and the impact on intellectual property and copyright, the balancing act between fostering innovation and ensuring protection for creators becomes even more pronounced. As an industry that has successfully used AI for many years to help create or enhance content in a low or no risk way we call on Government to engage in a thoughtful and consultative way in its approach to regulation in order to harness innovation and create the potential for unique and diverse video games experiences. Moreover, AI is being used in several other processes to enhance user experiences by helping to keep players safe online. However, there are genuine concerns over how AI models ingest content for training purposes and whether that is compliant with our well-established copyright framework.

The path forward lies in collaborative discussions within the industry to strike this balance. The focus on guidelines and best practice can address concerns around the use of copyrighted material in AI without stifling the development of AI and allows for the responsible use and continuous improvement of AI in video games and video games technology.



Smart regulation

Reducing visa fees and bureaucracy for skilled workers

We're calling on Government to reverse the increase in skilled worker visa fees and reduce them temporarily for roles in the video games industry

The UK video games industry has been a great success over the past decade, and has seen incredible growth based on targeted support, but also by having access to the best talent, both domestically and internationally. However, competition for highly skilled workers, particularly at the senior level is higher than ever with the games industry facing not just industry wide competition for a small pool of talent, but also competition from other non-games

industries such as fin-tech and cyber security, who value the skill set that these workers have. A number of UK studios are finding it sometimes impossible to compete on wages and benefits with those found in other industries.

Following Britain's exit from the European Union and the development of a new visa system, UK games businesses have faced additional administration and costs in hiring

workers from abroad. Whilst the industry has up to this point benefited from having roles on the Shortage Occupation List (SOL) – reforms to the SOL propose to remove all relevant roles going forward as they generally pay above the 'going rate' for equivalent roles in the wider economy.

The skilled worker visa remains the most viable route for studios to bring in experienced and skilled talent to fill those acute needs. However planned increases to the skilled worker visa charge and associated health surcharge of between 15-20% will see corresponding increases in the cost of hiring, ultimately making the development process more expensive. Solutions to these shortages can be found in reforms to our education system and other measures set out in this manifesto – but in the short-term companies will still be reliant on accessing talent abroad which can add a further £6300 in visa costs and associated charges for a 3-year skilled worker visa.

Therefore, we are calling on Government to reverse the increase in visa fees and reduce them temporarily for roles in the video games industry to ease the financial and administrative burden on studios in the short term who are already struggling to recruit for open roles.

The video games industry thrives on creativity, innovation, and diverse perspectives, all of which are greatly enriched by a global talent pool. Lowering visa costs can serve as a catalyst for attracting talented professionals from around the world, bringing in fresh ideas, skills, and experiences. This will not only bolster the industry's workforce but also promotes healthy competition and allows companies the space and time to upskill and in order to remain competitive in a global job market. Moreover, it can help meet the growing demand for specialised roles within the sector, contributing to its continued expansion and generating more job opportunities for both local and international talent.

Making the UK the best place to make, sell and play games

Our video games industry is a great British success story.

As an industry we have seen exceptional growth over the past decade, evolving into a mature and productive industry which creates a rich mix of content enjoyed by millions of players domestically and internationally.

That growth has been underpinned by a mixture of innovation and entrepreneurship – coupled with targeted Government support and a welcoming business environment which has seen creative clusters grow in towns and cities across the nation. However, underpinning this development has always been a notion that the UK has ‘the best people’; the right mix of talent both in our school leavers, graduates and senior staff at studios that can help support that continued growth and development.

We now stand at a crucial juncture which will help determine the course of the industry for the next decade.

Industry can and must continue to engage with and shape the talent that will become the mainstay of its future workforce, but without significant interventions now – both with targeted action in the short term, but also leading to long term sustainable solutions, we will lose our preeminent position.

If the next Government is serious about growing our creative industries and adequately preparing young people for the jobs of the future, it must work with us and take action now. The cost of inaction is too high.

About Ukie

Ukie is a not-for-profit trade body that represents the UK games and interactive entertainment industry. Its mission is to make the UK into the best place to make, sell and play games in the world.

Ukie represents over 600 businesses working across the UK, including game developers, publishers, platforms and service providers. It supports companies through business support programmes, political engagement, speaking with the media on behalf of the sector and running education initiatives to boost the industry talent pipeline.

Ukie also supports and manage key industry campaigns such as the parental outreach work through Ask About Games and the #RaiseTheGame pledge.

Find out more: www.ukie.org.uk

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