

manifesto

Powering Up:
manifesto for
unlocking growth in
the games industry

05|2017

ukie

THE ASSOCIATION FOR UK INTERACTIVE ENTERTAINMENT

powering up: manifesto for unlocking growth in the games industry

introduction

This manifesto sets out the key themes the next government must address to deliver the continued success of the UK games industry. Detailed proposals against the recommendations are developed through the Industrial Strategy and Ukie's ongoing policy work.

The UK games and interactive entertainment industry is an international success story, with the potential to take an ever-larger export share of a global market that was worth \$99.6 billion in 2016, an increase of 8.5% on 2015.¹

The UK is well positioned as a significant player in this field, with over 2,000 active games and interactive entertainment companies across the country. The UK is the sixth largest video games market in terms of consumer revenues, with an estimated value of £4.33bn.² 2016 was the biggest ever year for games software in the UK, exceeding £3bn in sales for the first time, driven by record results in both digital sales and mobile games, driven by the digital economy and new platforms.

The UK games industry blends the best of British technological innovation and creativity, resulting in successful games and technologies which are exported around the world and which cross over into other sectors. The games industry is playing a leading role in the development of emerging technologies such as virtual reality, big data analytics and artificial

intelligence which are projected to be high value growth markets in games and also drive innovation across other sectors in the economy including health and education.

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With a General Election called and manifestos underway, Ukie believes that this is a key moment for the government to demonstrate how it will grow the economy through sectors like the games industry, as well as ensuring the UK is in the best possible position to navigate the Brexit process.

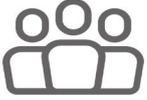
Since the European Referendum in June last year, Ukie has worked to identify the challenges and opportunities presented by a future outside the EU. We have identified four key areas surrounding talent, data, markets, and public funding that the next Government should prioritise in the forthcoming Brexit negotiations and Industrial Strategy to maintain and advance the UK games industry's innovation and successes.

We have set out 10 priority recommendations that will enable the games industry as well as the wider tech and creative sectors that games sit within to thrive.

¹ <https://newzoo.com/insights/articles/global-gaile-generating-37/>

² <http://ukie.org.uk/research#Market>

recommendations



1. We call on the Government to work with industry and allow flexibility within the levy funds to develop standards that work for the industry.



2. Government should conduct a detailed skills review of the nation's skills needs at the beginning of each Parliament in order to help educational institutions plan to meet the needs of employers and futureproof our economy.



3. Government must prioritise working with the strategic sectors identified in the Industrial Strategy to develop processing and eligibility criteria that keeps pace with the rapidly evolving and specific skills needs of the creative tech industries and ensures short-term skills gaps are plugged.



4. We call on the Government to confirm that EU citizens working in the UK prior to our departure from the EU in March 2019 will have the right to remain and work in the UK as a matter of urgency.



5. The Government must prioritise obtaining a data adequacy decision from the EU as early as possible and, following our departure from the EU in 2019, ensuring that the UK and European data protection regulators continue to have a close and productive relationship.



6. We call on the Government to ensure that our future trade agreements enshrine existing trade liberalisations and avoid future regulatory divergences that could hinder market access.



7. We call for a more coherent approach to export and inward investment strategy from Government which empowers industry and sector experts to maximise export value through a funded industry-led partnership.



8. We call on the Government to provide new funding as well as a clear remit to public agencies to support the coordinated development of the games industry.



9. We call on the Government, alongside LEPs, Local Authorities and Combined Authorities, to recognise the economic and cultural impact that the games industry has around the UK by developing local plans for scaling-up existing games and innovative interactive entertainment clusters.



10. We call on the Government to ensure that sufficient ambition for UK connectivity is set with the broadband Universal Service Obligation (USO) in the hundreds of megabits per second rather than the tens by 2025 – and that the private sector is supported in achieving this ambition.

jobs and skills

The future of the games industry depends on maintaining the talent pipeline entering our industry. We need to address the fact that our education system is not fuelling that pipeline as well or as quickly as we need it to.

We need to ensure that future provision more closely matches the needs of businesses in our growth sectors which means engaging with the skills system coherently from school age right through to higher education and on to continuing professional development.

In the past, we have benefited from match-funded and accessible funds, including the skills investment fund, which was critical for knowledge transfer and skilling up new graduates as well as individuals at various career stages.

There is great opportunity in the technical level qualifications and the apprenticeship system to tackle our industry's growing skills challenge as well as increasing productivity and social inclusion. However, this potential will not be realised with the existing restrictions on the use of levy funds and the lack of standards that meet the specific talent needs of games companies of all sizes.

We call on the Government to work with industry and allow flexibility within the levy funds to develop standards that work for the industry.

In addition, Government must make a step change in provision of skills and education, working with businesses to put greater emphasis on horizon scanning the skills needs of the future.

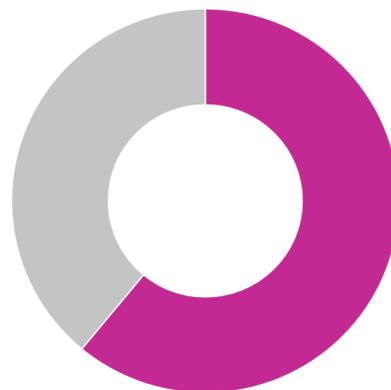
Government should conduct a detailed skills review of the nation's skills needs at the beginning of each Parliament in order to help educational institutions plan to meet the needs of employers and futureproof our economy.

talent

For a fundamentally global industry there is fierce competition for specialist skills as well as new, and in some instances unique skills which are sourced and competed for globally.



According to a recent industry-wide survey, 61% of respondent games companies rely on highly skilled international talent, with EU nationals making up on average 34% of these companies' headcount. It is the fusion of diverse experiences, skills and backgrounds that makes the industry able to consistently innovate to create new experiences, content and products.



61% of responding games companies rely on highly skilled international talent

To remain globally competitive, we need to be able to attract and retain the best talent from across the globe.

Following our departure from the EU, we call on the Government to ensure our new immigration system is data-driven, future-proof and streamlined and that it responds to economic demand, enabling our economy to thrive and grow.



1 in 3 UK games businesses employ EU nationals according to Ukie 2017 State of Play report.

Government must prioritise working with the strategic sectors identified in the Industrial Strategy to develop processing and eligibility criteria that keeps pace with the rapidly evolving and specific skills needs of the creative and tech industries and ensures short-term skills gaps are plugged.



Additionally, we call on the Government to confirm that EU citizens working in the UK prior to our departure from the EU in March 2019 will have the right to remain and work in the UK as a matter of urgency.

data free flow and adequacy

The games industry was born digital and relies on a strong digital backbone to deliver the best products to global audiences and to keep servicing those customers. The interaction and associated data flows between players, games and games

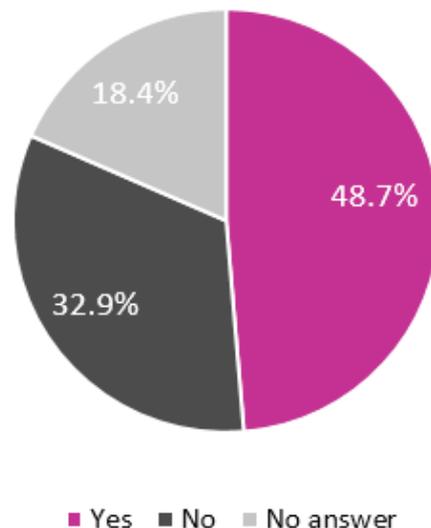
platforms is intrinsic to the way our games operate. We rely on being able to collect and use data to develop new business models and innovative products, and most importantly enhance players' experiences.

As we export globally, we inevitably process data from around the world and therefore fundamentally rely on the ability to move data across borders. It is critical that the Government ensures there is a robust legal basis in place following our departure from the EU for cross-border data transfers to continue.

The Government must therefore prioritise obtaining a data adequacy decision from the EU as early as possible and, following our departure from the EU in 2019, ensuring that UK and European data protection regulators continue to have a close and productive relationship.

Furthermore, any future changes to data regulation must consider the needs of businesses, including the video games and interactive entertainment sector, and must not jeopardise this free flow of data.

% games business that rely on processing user data from outside UK



markets and trade

A central part of the UK's attractiveness to international games companies with European headquarters in the UK is Britain's membership of the European Single Market.

Harmonised rules, for instance on data protection, copyright and VAT, have enabled games businesses based in the UK to seamlessly export goods and services throughout the EU.



Membership of the single market has contributed to the UK games industry's dynamism, and

ability to grow, explore new innovative areas, and attract investment into the UK from overseas.

The UK leads Europe in providing games to new markets, in part due to the rise of online platforms and marketplaces which enable games made locally to be sold globally, reaching millions of new consumers around the world.

It is crucial that we maintain the current ease of trade we have with the EU and other international markets.

We call on the Government to ensure that our future trade agreements enshrine existing trade liberalisations and avoid future regulatory divergences that could hinder market access.

export and inward investment support

The existing support for export and inward investment from Government plays an important role in boosting the potential for the games and interactive entertainment sector.

In the last year alone £156 million worth of business deals were done by UK businesses on Ukie-run stands at international trade shows. For every £1 contributed by DIT to support trade activities organised and managed by Ukie, £743 is generated in trade wins by those companies.



However, there is a lack of coordination and coherence in the existing provision, mirrored across the creative industries more widely, which is resulting in missed opportunities and poorer returns on investment than could otherwise be achieved.

We call for a more coherent approach to export and inward investment strategy from Government which empowers industry and sector experts to maximise export value through a funded industry-led partnership.

public funding

Ukie has long campaigned to government for more cultural and economic support for innovative games content in the UK in order to build the expertise, portfolios, and

knowledge of fledgling companies and talent with bold ideas.

Games can play a crucial role in increasing diversity in the creative industries, both in terms of reaching new audiences and by serving as compelling canvases through which new experiences can be shared and stories told.

Yet there are currently few funding routes for studios who want to develop projects that tell stories in innovative ways, or which tackle difficult subjects, creating commercially risky but groundbreaking content and experiences.

There is a chronic finance gap facing British games companies when trying to raise between £100,000 and £3,000,000 for original games IP.

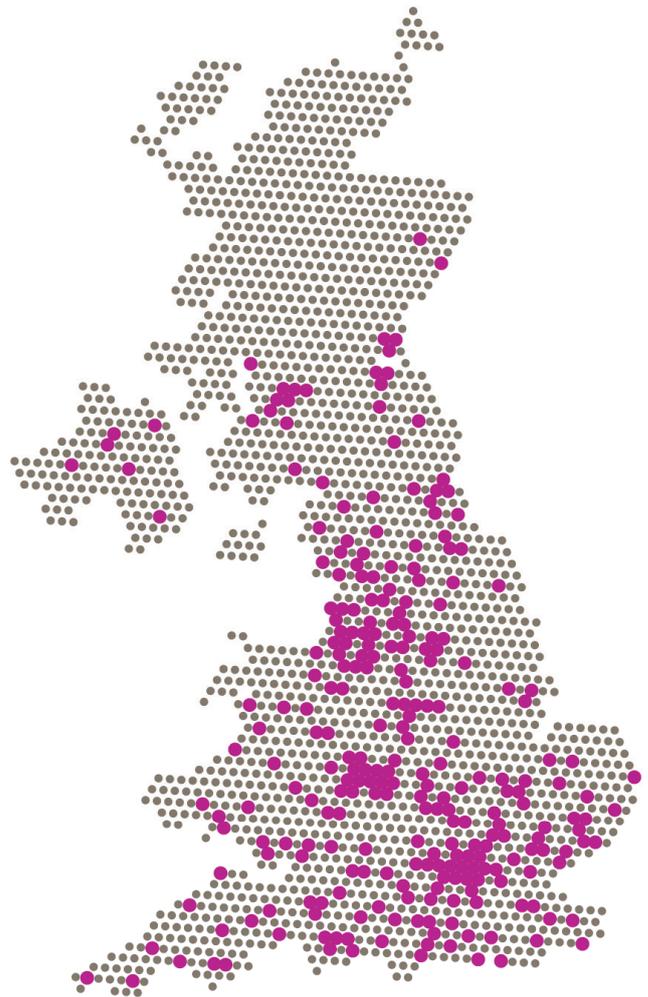
This is exacerbated by the fact that compared to the more traditional screen sectors, routes to funding from public money for the games industry are fragmented and limited.



The next Government should continue to recognise the value of the games sector

in fostering the talent base that will drive cultural and technological innovation and growth across the whole economy.

To enable this, we call on the next Government to provide new funding and a clear remit to public agencies to support the coordinated development of the games industry.



regional and local excellence

Over 50% of the UK games sector is based outside of London and the South East with particularly strong clusters in the Midlands, North of England and Scotland.

It is this strength in regional clusters which makes the sector such an important part of the UK's creative economy and a valuable means of driving regional economic growth.

As a magnet for talent, a driver of cutting edge innovation, a global and export led industry, the regional presence of the sector has the potential to lead the charge in helping to rebalance the UK economy if the opportunities are taken advantage of.

We call on the next Government, alongside LEPs, Local Authorities and Combined Authorities, to recognise the economic and cultural impact that the games industry has around the UK by developing local plans for scaling-up existing games and innovative interactive entertainment clusters.

Connectivity must be seen as a priority for the UK and our ambition should be to become world leaders in speed, coverage and reliability, across fixed, mobile and wireless. Further we should ensure we are at the vanguard of new technologies such as developing the new 5G networks.

We call on the Government to ensure that sufficient ambition for UK connectivity is set with the broadband Universal Service Obligation (USO) in the hundreds of megabits per second rather than the tens by 2025 – and that the private sector is supported in achieving this ambition.

connectivity and digital infrastructure

Games are increasingly enjoyed on mobile, played by thousands simultaneously on platforms powered by cloud Tech, and



streamed live to tens of millions of viewers around the world.

For games businesses in particular, upload

speeds and latency are as important as download speeds.

Speeds impact both the ability of geographically dispersed teams to work on large files, and the ability to send data back from players to improve the game play experience.

Securing connectivity fit for the future, entails a complicated series of challenges including the physical environment, spectrum availability, backhaul infrastructure and beyond.

about Ukie

Ukie (UK Interactive Entertainment) is the trade body for the UK's games and interactive entertainment industry. A not-for-profit, it represents over 350 games businesses of all sizes from small start-ups to large multinational developers, publishers and service companies, working across online, mobile apps, consoles, PC, esports, virtual reality and augmented reality.

Over 2,000 students are also represented through our Ukie Student Membership scheme.

Ukie aims to support, grow and promote member businesses and the wider UK games and interactive entertainment industry by optimising the economic, cultural, political and social environment needed for businesses to thrive.

Find out more

- + For more information contact Ukie's Head of Public Affairs **Tim Scott** tim@ukie.org.uk
- + To view all of our policy papers visit ukie.org.uk/policy-papers

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