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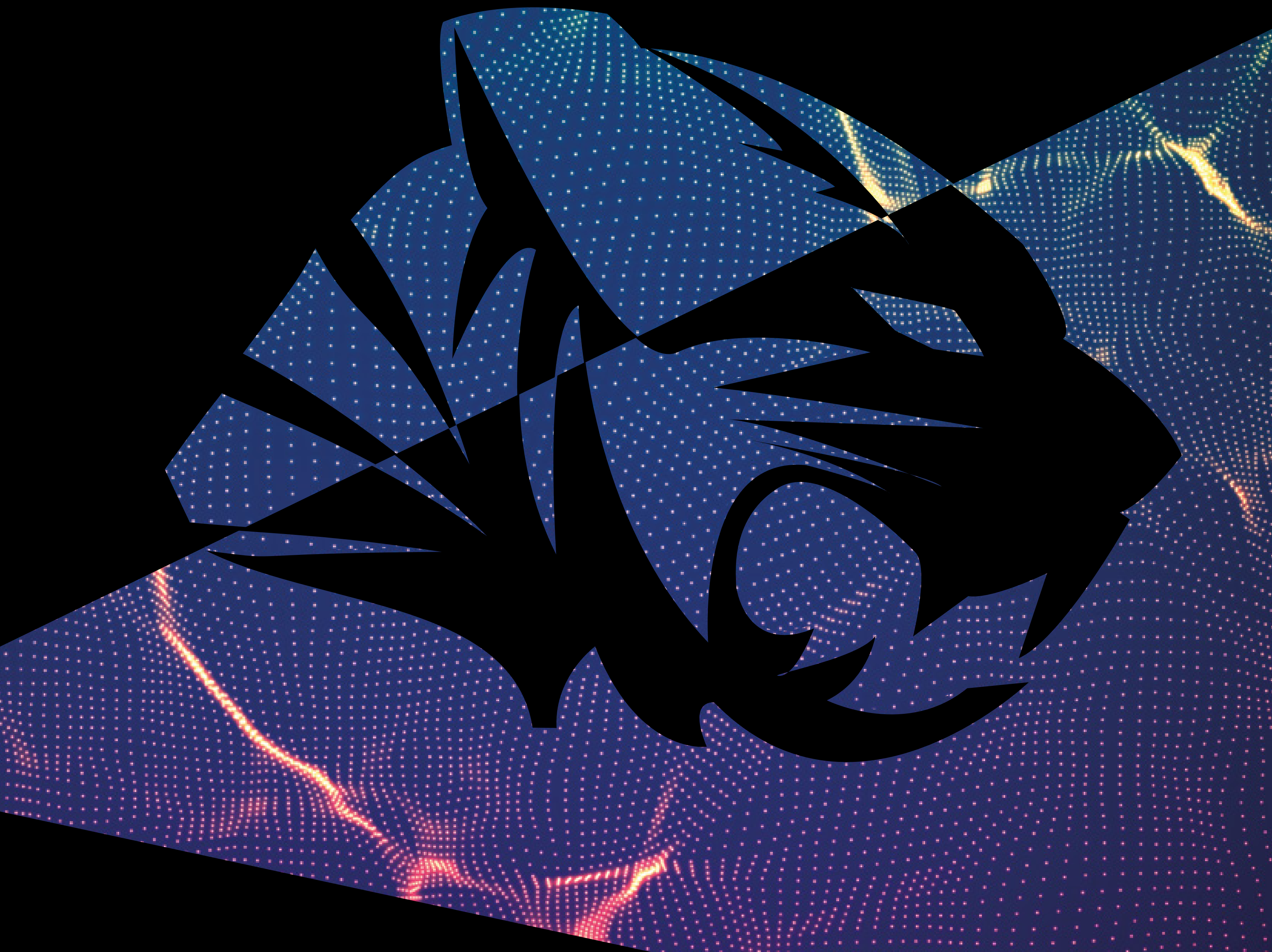
TIGA MANIFESTO 2024: THE AGENDA FOR THE UK VIDEO GAMES INDUSTRY

30th April 2024



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REBELLION

Gordon Ramsey Chef
Blast - Outplay

Deathsprint 66 - Sumo Newcastle

Sniper Elite - Rebellion

BEATSTAR -
Space Ape Games

The Word from Westminster

"The UK video games industry has grown significantly over the last decade, thanks in part to TIGA's successful campaign for Video Games Tax Relief. TIGA's 2024 Manifesto sets out a comprehensive agenda covering the Video Games Expenditure Credit, access to finance and measures to enhance skills. I thank Dr Richard Wilson and TIGA for continuing to set the policy agenda for our video games development industry."

Damian Collins MP

"The UK video games industry is an economic success story, contributing almost £3.7 billion to UK Gross Domestic Product (GDP) and supporting thousands of highly skilled jobs across the UK. TIGA's Manifesto includes a range of interesting proposals that, if enacted, will accelerate growth in the video games industry. Congratulations to Richard Wilson and to TIGA for continuing to explore exciting ways to make the UK the best place in the world to develop video games."

Justin Tomlinson MP

"The video games industry is a hugely important part of the UK's creative sector, as well as providing great career opportunities for people across many different disciplines and skillsets. TIGA's Manifesto outlines policies to grow the sector, addressing tax relief, finance and skills development. Policy makers should consider these ideas. It is vital that we continue to support our vibrant video games industry."

Deidre Brock MP

"The video games sector makes a crucial contribution to economic growth in my constituency in Dundee. Abertay, the local university, is also a world leader in games education. TIGA's Manifesto highlights a range of measures to grow the industry, including enhancing the Video Games Expenditure Credit, improving access to finance and bolstering skills. Government and Parliament should assess these proposals and enable the UK video games industry to reinforce its position as a world leader in games development."

Chris Law MP

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Disney Illusion Island - Dlala Studios

Foreword

The Rt Hon Stephen Timms MP

"I have been an enthusiastic supporter of the UK's dynamic video games development sector, and TIGA's tireless work to champion its growth, since I was a Minister, both in the Business department and the Treasury, supporting the proposal for a Video Games Tax Relief. I am delighted to see how the sector has flourished since the Relief was introduced. This Manifesto demonstrates TIGA's ambition for the games development sector. The U.K. is already one of the most admired video games hubs in the world, attracting some of the biggest names in the sector to establish studios here to create games and franchises loved by players globally. The UK is also home to a multitude of highly creative SME studios. I applaud the contribution that the video games industry makes to the creative industries and to the wider economy, and I look forward to seeing the sector's future achievements."

Jason Kingsley, CBE Co-Founder, CEO and Creative Director, Rebellion

"In an era where technology and creativity converge, the video games industry stands as a beacon of innovation and economic vitality. The UK video games industry, with its 24,000 full-time development staff across 1,801 studios, not only bolsters our Gross Domestic Product by nearly £3.7 billion, but also enriches our society through its cultural contributions and technological advancements.

Chris Kingsley, CBE Co-Founder and Chief Technology Officer, Rebellion

"The next Government and Parliament have a unique opportunity to propel this dynamic industry to even greater heights. By fostering an environment conducive to growth and innovation, we can ensure that the UK remains at the forefront of global game development. TIGA's Manifesto presents a roadmap for achieving this ambitious goal, outlining ten targeted measures aimed at nurturing the games development ecosystem, empowering entrepreneurs, and driving economic expansion.

"At Rebellion, we are grateful to have had the opportunity to grow our business significantly over the past few years, and we are now honoured to be one of Europe's biggest independent games studios. We now operate across books, comics, TV and film, but games are at our core. Our commitment to TIGA and our support of this Manifesto are guided by our desire to help make the UK industry the best place in the world to make games and see our fellow studios here achieve similar successes.

"From enhancing tax incentives to establishing a National Games Accelerator and introducing a Video Games Investment Fund, these Manifesto proposals are designed to unleash the full potential of our vibrant industry. By implementing these initiatives, we would not only stimulate job creation, but also foster an environment where creativity thrives and innovation flourishes."

About the Author

Dr Richard Wilson, OBE CEO, TIGA

Dr Richard Wilson OBE is the CEO of TIGA, the trade association representing the video games industry in the UK. At TIGA, Richard has successfully campaigned for the introduction of Video Games Tax Relief (VGTR) and an effective Video Games Expenditure Credit (VGEC), delivered 15 years of profitable growth, introduced an accreditation system for university and college games courses, and launched the prestigious TIGA Games Industry Awards and TIGA Games Education Awards. Richard has also dramatically raised the profile of the industry in media and political circles, winning 29 business awards and commendations in recognition of these efforts.

About TIGA

TIGA represents developers, digital publishers, service companies and education providers and is the trade association for the UK video games industry.

Our vision is to make the UK the best place in the world to develop video games. Our core purpose is to strengthen the games development and digital publishing sector. We achieve this by campaigning for our industry and influencing Government policy; enhancing education and skills through our accreditation programme, the TIGA Games Education Awards and our education conferences; and promoting best practice through the TIGA STAR Employer Award and the TIGA Games Industry Awards.

TIGA's Manifesto is based on new and recent primary research, analysis from Games Investor Consulting, surveys of TIGA members and the wider video games industry, together with numerous discussions with game developers.

About the UK video games industry

The video games industry is one of the sectors that the next Government and Parliament should aim to promote over the years ahead. The UK video games industry employs over 24,000 full time development staff (25,000 including freelancers) in 1,801 studios, contributes nearly £3.7 billion to UK Gross Domestic Product (GDP) and generates £1.5 billion in direct and indirect taxes. The sector provides high skilled employment: over 80 per cent of the development workforce in many studios are qualified to degree level or above. The industry supports economic growth in clusters throughout the UK: approximately 80 per cent of the workforce is based outside of London. Games development is export-focused: 95 per cent of games development studios export at least some of their content. Additionally, games development is a digital sector and work can be undertaken and delivered remotely. Finally, our video games studios operate in a growing industry: employment in UK video games has increased by an annual average of 9 per cent since 2014. The UK video games sector is an industry of the future that is delivering significant economic benefits.[1]

In addition, our video games development sector is supported by 259 companies that provide it with key services, including QA, localisation, music, audio, script, art and animation. These companies employ 3,200 highly skilled people.[2]

AT TIGA, RICHARD HAS SUCCESSFULLY CAMPAIGNED FOR THE INTRODUCTION OF VIDEO GAMES TAX RELIEF (VGTR) AND AN EFFECTIVE VIDEO GAMES EXPENDITURE CREDIT (VGEC), INTRODUCED AN ACCREDITATION SYSTEM FOR GAMES COURSES, AND LAUNCHED THE PRESTIGIOUS TIGA GAMES INDUSTRY AWARDS AND TIGA GAMES EDUCATION AWARDS.

The challenge

The UK games development ecosystem faces significant challenges as global economic headwinds and a global games downturn threaten this key creative sector's two decades of growth. Over 18,500 job losses have been announced in the global games workforce from 2023-2024[3] and games investment collapsed in 2023 after consumer markets fell in 2022-2023[4] following a boom during Covid.

This has exacerbated long standing issues in access to finance and skills for small to medium sized (SME) games companies that TIGA research has repeatedly demonstrated. A finance gap of investment between £150,000 and £500,000 prevents some SME games companies to scale up and exploit the many commercial opportunities in the global games market. TIGA research has shown that small companies are most likely to fail, become dormant and in many cases to close in their first few years before they reach viable scale. Many SME games companies also struggle to access the commercial skills and support networks needed to create businesses that can raise finance and scale up.

Additionally, an undersupply of skilled graduates and experienced specialists and the emergence of new roles arising from technological and commercial developments, which relatively few people can fill, have conspired to create some skills shortages in the UK games industry.

The opportunity

The global market for video games is estimated to be worth almost $190 billion,[5] supported by 3 billion players worldwide.[6] The consumer games market is forecast to reach $227 billion in 2025.[7] The UK is already one of the largest centres for games development in the world and employs the largest development workforce in Europe.

If the next Government and Parliament support an environment favourable to the sector, then the UK games development sector can win a growing share of the games development market. A successful video games industry supports high skill employment, exports and economic growth across the UK.

Building on the success of Video Games Tax Relief and 10 straight years of rising investment by games companies in the UK, TIGA's Manifesto proposes ten measures to address these endemic challenges within the games development ecosystem, enable the games development sector to achieve its potential, and increase its contribution to the UK economy. Our costed proposals relating to a new Independent Games Tax Credit, a National Games Accelerator and the Video Games Investment Fund alone could create 2,660 additional games development jobs by 2028.

TIGA'S 10 PROPOSALS

1. **RETAIN THE VGEC AND CREATE AN INDEPENDENT GAMES TAX CREDIT TO BOOST PRODUCTION OF UK INDEPENDENT GAMES.**
2. **ESTABLISH A NATIONAL GAMES ACCELERATOR TO ENABLE MORE START-UPS TO SCALE-UP.**
3. **MAINTAIN THE LEVEL OF SUPPORT FOR THE UK GAMES TALENT AND FINANCE CIC.**
4. **INTRODUCE A VIDEO GAMES INVESTMENT FUND TO STIMULATE GROWTH IN THE SECTOR.**
5. **SET UP AN INDUSTRIAL SECONDMENTS PROGRAMME.**
6. **BACK BTECS.**
7. **INCENTIVISE TRAINING.**
8. **REFORM THE APPRENTICESHIP LEVY.**
9. **OPERATE A COMPETITIVE VISA AND SALARY SYSTEM FOR THE RECRUITMENT OF SKILLED WORKERS.**
10. **PROMOTE COMPETITION IN THE GAME ENGINE AND PLATFORM MARKETS.**

Assassin's Creed: Nexus VR - Ubisoft.

House of Ashes - Supermassive Games

Cards, the Universe and Everything - Avid Games

Proposal 1

RETAIN THE VGEC AND CREATE AN INDEPENDENT GAMES TAX CREDIT TO BOOST PRODUCTION OF UK INDEPENDENT GAMES.

Rationale

Video Games Tax Relief (VGTR) was introduced in 2014 partly to counter years of declining employment due to international competitors' support schemes. The relationship between headcount growth and tax incentives is demonstrably strong. The UK's total developer headcount declined by an average of 3.1 per cent per annum between 2008 and 2011, a period when we lacked a sector specific tax relief, while our key competitors launched a range of generous subsidies. The UK development sector returned to growth in 2012, the year that VGTR was announced. The average annual growth from the date when companies could claim VGTR in 2014 until April 2023 has been 9 per cent.[8]

Other UK creative industries apart from video games received boosts to their tax credits in the Spring 2024 Budget. Significantly, the Government introduced the Independent Film Tax Credit (IFTC), which enables eligible films to opt-in to claim an enhanced Audio-Visual Tax Credit (AVEC) at a rate of 53 per cent on their qualifying expenditure.

The next Government and Parliament should drive growth in the UK video games industry by retaining the existing VGEC and augmenting it with an Independent Games Tax Credit (IGTC). This would mirror the new IFTC: games with production budgets (excluding marketing and distribution costs) of less than £15 million would be eligible to claim a credit of 53 per cent on 80 per cent of qualifying expenditure. Any projects over £15 million in total production costs would utilise the existing VGEC scheme and claim a 34 per cent of relief on 80 per cent of qualifying expenditure).

The introduction of an IGTC will enable our development sector to compete on a more level playing field. Canada, France, Ireland, Belgium, Australia, New Zealand and at least 15 states in the USA offer tax reliefs. Many of these jurisdictions provide more generous levels of relief than the UK and several, such as France, have enhanced the level of relief in recent years.[9] A higher rate of IGTC for productions under £15 million in total production value will help keep the UK a leading location for game development globally and incentivise inward investment into the sector.

The introduction of an IGTC would also help British games studios counter strong economic headwinds[10]. It would match the rates of the equivalent tax credit for independent UK films, boost growth and investment in SME games companies, create and protect high skilled jobs, and encourage growth of games clusters throughout the UK.[11]

Impact of an Independent Games Tax Credit[12]

We have used methodology from TIGA's *Making Games in the UK* reports[13] to forecast that the IGTC with a rate of 53 per cent of 80 per cent of qualifying expenditure for productions up to £15 million could stimulate 1,830 additional new full-time development jobs, resulting in £24.7 million more investment by games companies between 2024 and 2028, as well as contributing to supply chain jobs, tax receipts and the economy.[14] The IGTC, which is projected to cost an additional £62 million between 2024 to 2028[15], is a targeted measure that will significantly boost the potential for SME independent UK games companies to raise finance, scale up and grow at a time when some games companies' development headcount is contracting.

Helldivers - Sony Interactive Entertainment

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Proposal 2

ESTABLISH AND FUND A NATIONAL GAMES ACCELERATOR (NGA) TO ENABLE MORE START-UPS TO SCALE-UP.[16]

Programme

The NGA would provide a location-based acceleration programme. The NGA's 6-month programme would support early-stage companies (2-4 years old) to prepare prototypes, develop commercial models and attract investment through training (entrepreneurial, commercial, marketing, analytics and project management skills, business plan development and pitching). Companies would need to be registered with Companies House, have bank accounts, have a game or prototype and at least 3 staff on PAYE to be eligible. The NGA could be organised in two ways. Studios would either participate for free, with the programme's costs paid for by the Government. Alternatively, the Government could explore the possibility of the administering agency taking a small equity stake in participating companies. This would enable the NGA to recoup its costs and become self-sufficient over time.

Rationale

The UK is a good place to set up a studio, but growing is difficult.[17] 53 per cent (882) of all studios founded between 2008 and 2018 did not survive to 2023.[18] Growth impediments include inability to access finance, skill shortages and fees taken by platform holders. Accordingly, many studios stay small: 78 per cent of all UK games studios have four or fewer employees.

Acceleration programmes have been shown to develop games clusters faster and more consistently than purely organic growth.[19] Pixel Mill in Northern Ireland,[20] Falmouth University's Launchpad,[21] Sweden Game Startup[22] and a range of games incubators and accelerators in Europe[23] have shown that mentoring, development and investment programmes help recipient companies become more resilient, grow, raise finance and develop market-ready games.

Impact

Approximately 140 staff from 35 companies would complete the NGA's programme over 3.5 years, at a cost of £1.1 million (see Table 2). We have used methodology from TIGA's *Making Games in the UK* reports[24] to forecast that these companies would be expected[25] to invest £17.7 million in salaries and overheads over 3 years, employing 191 additional staff. As well as contributing to supply chain jobs, tax receipts and the local economy, these companies would significantly boost the development of a cluster of high growth potential companies in a specific area, allowing them to learn and problem solve together.

Table 2: Budget and Impact of NGA Programme

Accelerator	**Pilot**	**Year 1**	**Year 2**	**Year 3**	**Total**
Activity	Set-up, training, assessment	Training, assessment	Training, assessment	Training, assessment	
Months	10	12	12	12	46
Cohorts	1	2	2	2	7
Companies	5	10	10	10	35
Staff trained	20	40	40	40	140
Staffing costs	£80,000	£125,000	£125,000	£125,000	£455,000
Programme costs	£85,000	£125,000	£125,000	£125,000	£460,000
Capex	£20,000	£20,000	£20,000	£20,000	£80,000
Marketing costs	£5,000	£15,000	£15,000	£15,000	£50,000
Contingency	£10,000	£15,000	£15,000	£15,000	£55,000
Total	**£200,000**	**£300,000**	**£300,000**	**£300,000**	**£1,100,000**

Proposal 3

MAINTAIN THE LEVEL OF SUPPORT FOR THE UK GAMES TALENT AND FINANCE CIC.

Rationale

Studios can find it relatively difficult to access debt, bonds and equity finance.[26] Games developers typically have relatively few assets and start-ups will have little evidence of a financial track record. Private investors may be disinclined to invest in small enterprises because the largely fixed costs of due diligence are too high relative to the amount of equity sought.[27]

Relatively little debt, equity (institutional or angel) or grant funding is available between £150,000 and £500,000, which sets back newer, unproven studios for the initial phases of their commercial life cycles. Many start-ups simply self-fund via savings, while endeavouring to get their games to a revenue positive state. This finance gap can force studios to cede control of their IP, reduce original IP development by obliging studios to move to 'work for hire' contracts, slow or stop studio growth and drive studio closures.

The UK Games Fund's (UKGF) Prototype Fund and Content Fund, which are run by the UK Games Talent and Finance Community Interest Company, help to address the earliest stages of the Finance Gap which would otherwise hold back start-up studios. The UK Games Fund is providing £13.4 million over 2022-25 to support growth in the video games sector.[28] UKGF's prototype funding provides grants worth up to £25,000. Some recipients of prototype funding have subsequently achieved commercial success.[29] The UKGF's £5 million Content Fund will invest up to £150,000 in grants to an estimated 30-40 experienced studios by February 2025.[30] This will enable more studios to develop new IP, attract investment and grow.

Impact

Since its inception in 2015, the UK Games Fund has provided 308 grants supporting the development of new games IP from UK studios. This includes grants for 27 studios that participated in Tranzfuser, and four studios that participated in the residential programme DunDev. It does not include grants from the new £5 million Content Fund, which was launched in September 2023.[31] An evaluation of the UK Games Fund in 2019 found that it had an estimated return on investment of £5 for every £1 spent.[32] Continued support for the UK Games Fund's Protype Fund and Content Fund will help bridge the earliest stages of the finance gap, develop new IP, secure investment and grow. Then, to build on the success of the UK Games Talent and Finance CIC, the UK should introduce a Video Games Investment Fund (see proposal 4).

Proposal 4

INTRODUCE A VIDEO GAMES INVESTMENT FUND (VGIF) DISBURSING £5 MILLION P.A. TO STIMULATE GROWTH IN THE SECTOR.

Programme

The VGIF would provide loan funding of between £150,000 and £500,000 to games developers in the UK for 1 or a maximum of 2 games development projects per company. Up to 20 loans to a maximum of £5 million would be disbursed each year. The loans would have repayment terms over 4 years and require companies to match pound for pound.[33] The VGIF's administering agency could be either the UK Games Talent and Finance CIC (which would have to rework its commercial terms and due diligence process) or a new agency.

All loan recipients would participate in VGIF funded investment bootcamps and benefit from commercial mentoring by paid industry veterans. The VGIF would also actively promote loan recipients to potential investors to increase their prospects of commercial success.[34] Applicants would need to provide a robust business plan, pass the VGEC's cultural test, have a UK location, be an SME, expend a minimum of 70 per cent of the development costs related to the project in the UK[35] and retain a minimum of 50 per cent ownership of the IP during the term of the loan. Applicants would also need to score a minimum of 60 per cent against the criteria of: commercial potential; innovation; diversity; new talent and experience.

The VGIF's running costs would amount to £5.3m per annum, which includes £5m in loan capital and £300,000 for administration, legal, mentoring and promotional costs, as well as auditing and compliance (see Table 3).[36]

Table 3: VGIF Costs

VGIF	**Annual**
Recipients	18-20
Total awards per annum	£5,000,000
Staffing, admin, legal, mgt and auditing	£200,000
Mentoring	£50,000
Marketing & roadshows	£25,000
Bootcamps	£25,000
Total	**£5,300,000**

Rationale

The introduction of a VGIF[37] would achieve two objectives: it would help to close the finance gap that holds many studios back; and it would enable the UK games development sector to compete on a more level playing field against overseas studios.

64 per cent of studios founded between 2008 and 2018 that closed did so between years 2-5, almost all of them before they grew to employ over 4 people.[38] They shut down despite several institutional finance options available to UK development studios, including the UK Games Fund's Prototype and Content Funds. A substantial and critical gap in access to finance of between £150,000 to £500,000 still exists, which sets back newer, unproven companies for the initial phases of their commercial life cycles. This finance gap can be lethal to many studios or lead to founders having to sell their studios or intellectual property before they have had a chance to achieve sustained growth.

UK developers face relative disadvantages in respect of grant and loan funding compared to other territories. Many other countries operate games funds analogous to the VGIF, including Poland,[39] Germany,[40] Scandinavia,[41] Belgium,[42] Spain,[43] Australia,[44] and Canada.[45] Games funds in overseas jurisdictions are often larger and more generous than those available in the UK. France provides up to €200,000 for prototypes and development from its Video Games Fund.[46] Germany operates a €70m fund which provides non-repayable grants of up to 50 per cent of project costs.[47] The Canadian Media Fund can finance up to C$1.5 million on a single game, across all stages of development (up to 75 per cent of the total costs).[48]

Impact

The VGIF would help to close a systemic gap in developers' access to finance, create jobs, drive investment, encourage new studio formation and the generation of original IP. Over the period 2024 – 2028, we have used methodology from TIGA's *Making Games in the UK* reports[49] to forecast that the VGIF would create 639 new development roles (out of a total projected workforce of 35,316 developers in the UK in 2028) and drive a total of £123 million in additional investment by studios in salaries and overheads[50]. Productivity would also be enhanced via greater investment in capital, skills and innovation by 100 studios over five years.

Overseas experience confirms that a significant games fund can have an important, positive impact. For example, Business Finland (previously known as Tekes) has provided grants and loans to games businesses since 1995. Games companies can receive up to €1.25 million in grant and loan funding.[51] The Finnish Government estimated that for every €1 invested in the games sector by Tekes, a return ranging from €9-26 was generated for the Finnish taxpayer.[52] Likewise, since the launch of a games fund in Germany in 2020, game companies have grown by 26 per cent and employment has expanded by 12 per cent.[53]


Simon's Cat - Story Time - Tactile Games

Ropets - Supersolid

Proposal 5

SET UP AN INDUSTRIAL SECONDMENTS PROGRAMME.

Rationale

The UK video games industry depends on highly skilled people, typically qualified to degree level, to develop great games. In 2021-22, nearly 13,430 students took undergraduate degrees in Games and Animation.[54] 75 UK universities provide undergraduate degrees in Games and Animation.[55] High quality and industry relevant games courses enable games studios to recruit graduates with up-to-date skills and knowledge. This can be achieved by TIGA course accreditation and by promoting industrial secondments.

TIGA's proposed ISP would grant awards to FE colleges and universities to enable lecturers on video games courses pitched at level 3 (FE) and level 4-7 (degree and post-graduate)[56] to spend time over 1, 3, 6 or 12 months in a games development business. Lecturers would be able to apply for different lengths of secondment and on a part-time or full-time basis to ensure flexibility and to minimise logistical challenges for their respective colleges and universities. The variation in the length of secondments could potentially allow a lecturer to take advantage of a summer placement, term length or year-long placement.

The ISP would have sufficient funds to place up to 20 lecturers per annum in a games business.[57] The awards would cover the cost of paying a university 100% of the cost of finding a replacement to cover the secondee's teaching duties. The university or college would continue to cover the salary and costs of the lecturer whilst he/she is seconded into a games studio. There would be no additional financial costs to the educational establishment.[58] However, participating games studios would incur some costs.[59]

The ISP would enable 20 lecturers to be seconded to games studios at an annual cost of approximately £1 million.[60] The programme should run for five years at a cost of £5 million, thereby benefiting 100 games lecturers in the UK.[61] The ISP could be delivered by Innovate UK, URKI or directly by the Department for Education. A cost/benefit analysis should be undertaken towards the end of the programme to determine whether the programme should be continued.

Impact

Secondments would enable lecturers to enhance their teaching skills and keep their practical knowledge of game development (including technical skills, software knowledge and managing projects) current. The ISP would strengthen relationships between education and industry, increase opportunities for student placements and support knowledge transfer. Lecturer secondments would ensure that course curriculums remain cutting edge, therefore maximising future graduate employability. Games studios would be able to recruit more graduates with up-to-date skills and knowledge.


Zombie Army - Rebellion

Proposal 6

BACK BTECS.

Rationale

Funding for BTECs should be retained and suitable T-levels for the games industry should be developed. BTECs provide an important route into higher education, including for games courses. BTECs can also provide a route into higher education for students from less privileged and diverse backgrounds.[62]

Yet BTECs are now under threat as part of Level 3 education reforms in England, which involves the de-funding of many qualifications.[63] De-funding for any qualifications not successfully appealed will take place on 1st August 2025, meaning no new learners can start the qualifications in September 2025. There will be a major one-year gap in provision until new AAQ qualifications that are currently in development are funded to start in September 2026.

The following three qualifications are taken by around 8,000 learners in the UK: Pearson BTEC Level 3 National Extended Diploma in Creative Digital Media Production; Pearson BTEC Level 3 National 540 Diploma in Creative Media Practice; and Pearson BTEC Level 3 National Extended Diploma in Creative Media Practice.[64]

Ending funding for BTECs would reduce the potential number of students able to pursue a career in the video game sector. This could exacerbate skill shortages. These courses should remain funded until at least 2026, if not longer, and suitable T-Levels for the games industry should be developed.

T Levels in Media Broadcast and Production set to be taught from September 2024 include 3 occupational specialisms:

- Creative Media Technician
- Content Creation and Production
- Events and Venues Technician

These focus on film/video and audio production and asset management, but do not include any content or scope for assessment in games design or development. The previously released T Level in Digital includes content and assessment of coding, but is not specific to coding for games and does not serve the wider design and management aspects of game development.

Impact

Maintaining funding for BTECs and developing robust T-Levels for the games industry will bolster the supply of talented people available to work in the UK's high skills video games sector.

Proposal 7

INCENTIVISE TRAINING.

Rationale

Micro and small businesses may underinvest in skills training in comparison to larger businesses because they have fewer resources.[65]

Game developers can currently access several measures to support training. The Create Growth Programme, which is aimed at the creative sector, provides workshops, masterclasses and mentoring to participants. Additionally, developers may be able to access regional skills bootcamps in the creative sector in England, where employers pay 10 per cent of the cost of training staff.[66] However, neither of these interventions are specifically focused on the video games sector.

Government could incentivise SME studios to invest more in training by re-establishing a Skills Investment Fund or by introducing a Training Tax Relief. Both schemes could be introduced on a pilot basis.

The SIF could provide grant funding for training to SMEs on a pound for pound matched funded basis. Grant funding per studio should be capped to ensure that many studios can benefit from the scheme. The SIF could match fund training in service businesses in the games industry as well as development studios.

A previous version of the SIF was administered by ScreenSkills (then named Creative Skillset) between 2013 and 2017. For each pound contributed to the SIF by employers, ScreenSkills matched with funds from HM Treasury. According to data from the Department for Culture, Media and Sport and Screen Skills, every £1 invested in the SIF programme generated a return of £4.80 over a three-year period.[67]

The Government could also explore the case for introducing a Training Tax Relief to encourage investment in workforce development. This could be modelled on the existing R&D incentives. The Relief would need to be designed to ensure additionality and that expenditure was focused on good quality skills provision, probably resulting in qualifications, that contributes to employability, productivity and career progression.[68]

Impact

Fiscal incentives to encourage training could enable more SME games studios and businesses to invest in skills and, ultimately, grow the industry.

Proposal 8

REFORM THE APPRENTICESHIP LEVY INTO A GENERAL TRAINING LEVY.

Rationale

Some games studios pay the apprenticeship levy but struggle to benefit from apprenticeship programmes. This is partly because there are currently only two game specific programmes – Digital Community Manager Level 4 and Game Programmer Level 7. A few games businesses have successfully used apprenticeships to develop their teams.[69] For most studios, apprenticeships are not the answer to their recruitment needs. In a typical year, games businesses on average recruit almost 80 per cent of new hires from existing industry practitioners, 21 per cent are recent graduates and only 0.5 per cent are apprentices.[70]

The UK has a plethora of industries with different skills and qualification requirements. A one-size-fits-all approach to training and qualifications is not necessarily in the interest of employees, businesses, or the wider economy. It is unnecessarily restrictive for the Government to prioritise apprenticeships as the preferred form of workplace training in all economic sectors. The apprenticeship levy should be transformed into a general training levy, enabling employers to spend the money on any high-quality training programme.

Additionally, the next Government should explore ways of enabling more games businesses to get on the register of apprenticeship training providers. This would enable games businesses to deliver apprenticeship training themselves, rather than having to rely on third party providers to deliver the training.

Impact

If the apprenticeship levy was transformed into a general training levy, then games businesses could respond to skill needs more quickly and invest in more industry relevant training.

Proposal 9

OPERATE A COMPETITIVE VISA AND SALARY SYSTEM FOR THE RECRUITMENT OF SKILLED WORKERS.

Rationale

Employers in the games industry typically prefer to hire employees from the UK. However, this is not always possible because of skill shortages. A relative undersupply of skilled graduates in comparison to overall demand, an undersupply of experienced specialists, a competitive jobs market and the creation of new roles driven by technological and commercial developments which relatively few people can fill, combine to create some skills shortages in the UK games industry. For certain roles there is a shortage of applicants with the required skills, experience, or qualifications.

UK games businesses address the skills challenge by investing in training, adopting new recruitment methods, making internal promotions, redefining job roles and outsourcing work. TIGA has developed a higher education accreditation programme to promote excellence in games courses.[71] However, games studios also need to recruit from overseas to overcome skill shortages and to assemble the best teams to create the best games. Approximately 30 per cent of the UK games development workforce comes from overseas.[72]

The UK has historically had a competitive advantage when hiring overseas talent vis-à-vis competitors such as Canada. However, recent changes will erode this advantage and increase the cost of hiring overseas talent. The earnings threshold for those arriving on the Skilled Worker visa route increased from £26,200 to £38,700 from 4th April 2024.[73] The Shortage Occupation List,[74] which enables employers to recruit overseas workers and pay them 20 per cent less than the usual salary going rate and pay reduced visa fees, is being abolished and replaced by an Immigration Salary List (ISL).[75] Encouragingly, the Migration Advisory Committee (MAC) recommended including, Artists, Graphic Designers and Producers and Directors on the new ISL.[76] These roles will benefit from a lower minimum salary, as the Government has accepted the MAC's recommendations. However, roles that are not on the ISL, such as Software Developers, will become much more expensive to fill via overseas recruitment. In this case, a games studio would have to pay £49,400 rather than the current £34,000. Moreover, the salary differential between the UK and Canada will be narrowed, as Table 4 demonstrates.

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Table 4: Visa and Minimum Salary Thresholds[77]

Occupation	**UK: Required Minimum Salary Skilled Worker* (in GBP£, per year – based on 37.5 hours per week)**	**Canada: Required minimum salary Toronto / Vancouver*** (in CAD$, per year – based on 37.5 hours a week)******
Software developers, including: Games designers, App developers, programmers and engineers	Currently: £34,000 **New going rate: £49,400**** New visa minimum: £38,700	Toronto: $89,993 (£52,950) Vancouver: $89,876 (£52,881)
Technical/2D/3D Artists	Currently: £23,000 New going rate: £30,960 New visa minimum: £38,700 **Immigration Salary List rate: £30,960**	Toronto: $65,618 (£38,608) Vancouver: $63,375 (£37,288)
Graphic designers	Currently: £23,000 New going rate: £30,960 New visa minimum: £38,700 **Immigration Salary List rate: £30,960**	Toronto: $65,618 (£38,608) Vancouver: $63,375 (£37,288)
Producers & Directors	Currently: £29,200 New going rate: £37,500 New visa minimum: £38,700 **Immigration Salary List rate: £37,500**	Toronto: $74,997 (£44,126) Vancouver: $67,665 (£39,814)

* This is the current UK minimum salary level for each role.
** This is the occupation specific going rate. Employers have to pay this rate unless the role in question is on the new ISL.
***The required minimum salary will depend on the location of employment in Canada. For illustrative purposes, our team has included Toronto and Vancouver
****In Canada, depending on the type of work permit that the employee can qualify for, the wage offered may or may not need to meet the required minimum salary amount. For example, a work permit under the terms of a free trade agreement would need to meet the requirement minimum wage amount.

The Government fees for a UK work visa are significantly higher than the equivalent in Canada (see Table 5). This has been exacerbated by increases in visa fees taking effect in October 2023 and February 2024.[79] This is before even factoring in the additional fees that are applicable for dependants as well.

Table 5: Government Fees for Skilled Workers[80]

Government Fees – UK Skilled Worker visa 5 years (In GBP£)	**Government Fees – Canada Work Permit with Labour Market Impact Assessment (LMIA) (in CAD$)**
£239 – Certificate of Sponsorship £5000 – Immigration Skills Charge £1084 – Visa application fee £5175 – Immigration Health Surcharge **Total: £11,498**	$1000 LMIA fee, per position $155 Work Permit fee $230 Employer Compliance fee **Total: $1385 (£815)**

Taken together, higher visa minimum salary thresholds and Government fees will increase some employers' recruitment costs and could make it harder to secure people with specialist skills. These developments whittle away the UK's employment cost advantage compared to Canada. Conversely, these changes could put the UK at a comparative disadvantage to those countries with lower visa fees, lower earnings thresholds and Government fees for skilled workers. Other things being equal, these developments make the UK less attractive as a location for FDI.

The UK should operate a competitive visa and salary system for the recruitment of skilled overseas workers. The system should aim to keep the cost of visas and minimum salary thresholds lower than those of our key competitors.

Impact

If the UK has a visa and minimum salary system that enables studios to recruit highly skilled people from overseas cost effectively, then they will be able to seize new commercial opportunities, increase employment and expand their businesses more easily. A visa and minimum salary system that is favourable to high skilled immigration and which imposes comparatively lower costs on employers will also reinforce the UK's reputation as a business-friendly environment. In turn, this will strengthen the appeal of the UK to FDI.

Proposal 10

PROMOTE COMPETITION IN THE GAME ENGINE AND PLATFORM MARKETS.

Rationale

Game engines

The game engine market is dominated by two providers: Epic Games and Unity Technologies. According to Unity's own figures, 70 per cent of the top 1,000 mobile developers in the world use its games engine. Additional research suggests that Unity has approximately twice as many customers in the games development market than its nearest rival. A TIGA survey of games studios from 2019 showed that 72 per cent of participating studios used Unity Technologies' Unity 3D Engine, 27 per cent employed Epic Games' Unreal Engine and 27 per cent an internal proprietary engine. Studios often look to third party engines that support self-publishing operations, monetisation and analytics. However, this strategy is not without risks. Unity Technologies' Runtime Fees announcement in 2023 sent shockwaves through the mobile games development space with its threat to increase fees on developers using its engine. Once a studio has committed to a particular engine, they cannot easily reskill existing staff, hire alternative engine programmers and port games to another platform.

Game platforms

Apple's iOS and Google's Android control 99.6 per cent[80] of the $111 billion mobile games market.[81] European legislators and regulators are scrutinising[82] both companies' policies which impact games companies in two main ways.

Transaction fees: In 2008, Apple launched the App store taking 30 per cent of app purchase prices in return for providing the hardware platform, operating system and user base. In January 2024, Apple responded to the EU Digital Markets Act (DMA) by reducing its App Store and in-app purchasing fees from 15-30 per cent to 13-20 per cent of any transactions (via its App Store). Its complex new policies vary depending on developer's revenues and downloads. EU and USA Supreme Court rulings have obliged Apple to accommodate 3rd party app stores, but mandatory high fees and warning screens make 3rd party app stores less commercially viable for users and companies. Even the reduced rates compare relatively poorly to analogous solutions in other games and interactive markets, especially when one contrasts added value services such as higher investment in content, store curation and marketing (games consoles[83]), lower friction selling (ecommerce[84]) and access to audiences with higher propensity to buy. Google has yet to respond to the DMA, so its fees are so far unchanged. The two principal platform providers impose higher costs on developers compared to analogues.[85] In turn these fees lower company profits for mobile games developers and potentially increase prices for consumers.

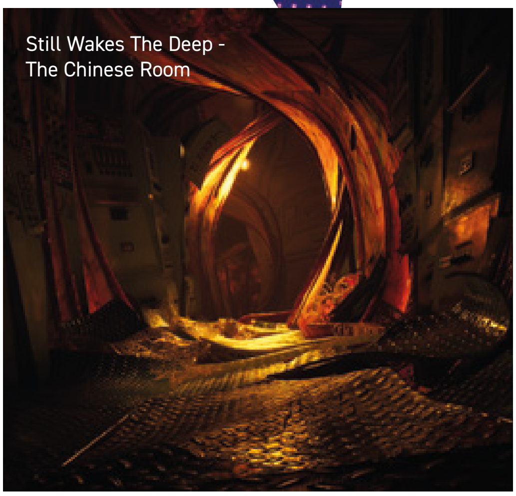
Privacy restrictions: Apple introduced restrictions on third parties, including games developers, from tracking individual users (known as attribution) via its platform in 2021, on the grounds of protecting consumer privacy.[86] The App Tracking Transparency (ATT) policy reversed default advertising tracking from opt-out to opt-in, requiring users to choose whether to give advertisers permission to "track" the user across websites and apps.[87] The impact of Apple's ATT on the mobile games industry has been significant. Mobile games developers' advertising costs have increased and revenues and profitability decreased. Games revenues fell by 35 per cent between ATT's introduction in June 2021 and February 2023.[88] 68 per cent of games companies felt marketing was harder post-ATT.[89] Advertising platforms report that only 39 per cent now opt in to ATT for games.[90] Average customer acquisition costs rose by 88 per cent before and after ATT.[91] Apple's App Store generates substantially more income for developers than Android's Play Store (for example 62 per cent more in the USA in 2023[92]) so changes to iOS impact companies more than those on Android. Advertising spend on mobile games increased by 67.5 per cent between the year before ATT was imposed and 2023,[93] in part due to more spend on non-Apple advertising, more guesswork and experimentation, and increased competition between companies trying to maintain a viable flow of new players into their games. 13 per cent more UK mobile games companies failed in 2023 than the 2023 average.[94]

To ensure the UK remains one of the world's most attractive locations for mobile games development, the UK Government and the Competition and Markets Authority need to be alert to the risks of anti-competitive practices and encourage competition in both the game engine and the platform markets.

Impact

Other things being equal, competition tends to encourage innovation, lower prices and better products and services. If developers incur lower costs in both markets, then their financial vulnerability will be reduced and they will be in a stronger position to scale-up and grow.


Stampede: Racing Royale - Sumo Leamington


Still Wakes The Deep - The Chinese Room


Boom Beach Frontlines - Space Ape Games

Endnotes

1. Gibson, N., Gibson, R. Wilson, R., *Making Games in the UK 2023* (TIGA, 2023).
2. As of April 2023.
3. https://publish.obsidian.md/vg-layoffs/Archive/2024
4. https://news.crunchbase.com/venture/gaming-startup-funding-down-2023/
5. *Games market trends to watch in 2024* (Newzoo, 2024).
6. *Global Games Market Report* (Newzoo, 2021).
7. https://www.ampereanalysis.com/products/about/games-markets
8. The Government announced in the Budget on 15th March 2023 that VGTR will be replaced with a VGEC. VGEC has been available to claim since 1st January 2024. VGTR will be phased out by April 2027. For more details, see: https://tiga.org/news/video-games-tax-relief-to-video-games-expenditure-credit-heres-what-it-means-for-your-business and https://tiga.org/policy-and-public-affairs/games-tax-relief and https://www.gov.uk/government/publications/reform-of-film-tv-and-video-games-tax-reliefs-to-expenditure-credits
9. The VGEC headline rate of 34 per cent equates to a 25.5 credit as a percentage of qualifying expenditure because VGEC is treated as taxable income. See https://emailcc.com/cv/0b75584819d371d8d8c15b7cf231eee25f8ce910 In contrast, France's tax credit offers a 30 per cent rate of relief of 100 per cent of eligible qualifying costs and it is not subject to tax, unlike the UK's VGEC. Ireland's Digital Games Tax Relief has a 32 per cent rate on 80 per cent of qualifying costs and Quebec provides a 37.5 per cent rate of relief on 100 per cent of qualifying costs. Australia's Digital Games Tax Offset has a 30 per cent rate of relief on 100 per cent of Qualifying Australian Development Expenditure (QADE). Australia's tax incentives are particularly generous. For every $1 a company spends on QADE, they would generally get 55-60 per cent benefit because they also benefit from a corporate tax deduction (which can be either 25 per cent or 30 per cent). In Australia, if a gaming business also successfully applies for some of the State based funding, this figure can be even higher (State based funding can be up to 15% of QADE).

   The following example of a games business with $200 million aggregated turnover shows how beneficial the Australian tax incentives are:

   Spends $1m on QADE all Opex.

   - **Corporate tax rate is 30%.**
   - **DGTO benefit**
     - 30% of $1m = $300,000 refundable tax offset.
     - Still receives the 30% corporate tax deduction for the $1m, worth $300,000.
     - Total benefit = $600,000 (60%).
     - If also accessing State based grant for the same game – up to 15%.
     - **Total benefit for all 3 benefits = 75% (30% corporate tax deduction, 30% DGTO, 15% State grant).**

   Information provided by RSM to TIGA, 2nd February 2024.

   Interestingly, Tugbek Olek, head of Turkiye advisory board, reports that the Turkish government is incentivizing the growth of the Turkish games industry. Studios do not pay any tax on their earnings. Designers and developers employed in games studios are exempt from income tax. Investments in studios are not subject to capital gains tax. The government will pay 50 per cent of the salaries for two development staff up to $50,000. The government will also help to cover a proportion of the costs of platform commissions. When Apple and Google take their 30 per cent fee, the government will pay back 50 per cent of the fee up to $100,000. See: https://www.pocketgamer.biz/news/83645/turkish-game-studios-dont-pay-any-tax/ To match the French tax relief would require VGEC to have rate of 50 per cent: 80% x 50% x (1 – 25%) = 30% (information from RSM, provided to TIGA 29th January 2024).
10. We have not included estimates for this potential contraction in our forecasts because TIGA's 2024 developer survey is still underway. However, at least 750 job losses have been announced in the UK alone between April 2023 and March 2024. TIGA's Making Games in the UK 2024 survey and report is still underway and we will report on the net job position later in 2024.
11. HMRC published an independent evaluation of VGTR in 2017: https://assets.publishing.service.gov.uk/media/5a823973ed915d74e6236743/Video_Game_Tax_Relief_Evaluation.pdf
12. HMRC do not publish a value of claims above and below £15m, so we have used estimates based on a blend of survey, published company data and HMRC data to produce an approximate impact assessment of an IGTC.

    1. 14 companies provided TIGA with total claim values of above and below £15m for 2021/2022/2023. These companies were almost all larger studios, and their total VGTR claims amounted to £40.5m in 2021 (22.5% of total VGTR payouts), £48.3m in 2022 (25.6% of total VGTR payouts) and an estimated £52.4m in 2023 (24.4% of estimated total VGTR payouts). Across the 3 years, 65.6% of claims were for productions above £15m in total production costs and 34.4% were below £15m.

    2. Rockstar claimed £68m in VGTR in its 2021 accounts, and the company's scale makes Rockstar the single largest claimant.

    3. HMRC published 2021 data showing the value of claims below £500,000 was £23.4m (13% of the total £180m disbursed), therefore claims above £500,000 totalled £156.6m (87% of the total £180m disbursed).

    We therefore know that Rockstar and the 14 companies surveyed claimed £96.1m in VGTR in 2021, leaving £60.5m (£156.6m - £96.1m) that requires weighting above and below £15m. Absent other data from HMRC, we have applied the sample's average claim levels between 2021-2023 that were above (65.6%) and below (34.4%) the £15m level to produce estimates for the remaining £60.5m (£39.7m above £15m and £20.8m below £15m. In total we estimate that 75.5% of an average year's VGTR pay-outs would be for productions above £15m in total value and 24.5% below £15m in total value. We then used this weighting to adjust the forecasts made for VGEC in Impact of Video Games Expenditure Credits Report (Source Gibson, R., Gibson, N. Wilson, R., TIGA, September 2023) to apply a higher 53% rate of VGEC to the estimated value of productions below £15m, before accounting for 80% eligibility and Corporation Tax. We note that we have conservatively projected that only 40% of every £1 in additional relief provided to games companies will result in new job creation (the remainder going to protecting existing jobs and funding companies core expenditure such as Research and development) but companies may well respond with higher levels of job creation as a result of creating an IGTC than we can confidently forecast at the time of writing.
13. Games Investor Consulting's longitudinal data derives from 12 surveys conducted in conjunction with TIGA and its partners between 2008 and 2023 of all known British games companies involved in the creation of games (including independent studios, publishers, publisher studios, service companies and broadcasters with games divisions) by telephone and email, gathering their games development headcounts (excluding HR, admin, sales, marketing and commercial staff). Distribution, manufacturing, peripheral device, marketing/PR, eSports teams, video streaming and retail companies were not

profiled. Using salary and overheads data from a basket of companies as well as data from TIGA surveys, GIC produces games development expenditure forecasts which are published in TIGA's *Making Games In The UK* reports.

14. A 53 per cent rate would provide a benefit of 31.8p in the £: 80% x 53% x (1 – 25%) = 31.8% (information from RSM provided to TIGA 5th April 2024).
15. Using the above methodology, we project that the total cost of IGTC with VGEC will be £252m, with the existing VGEC (for projects over £15m in total production costs) costing £190m and IGTC costing £61.8m.
16. For further details about TIGA's proposal for a NGA, see Gibson, R., Gibson, N., Wilson, R, *Start-up, Scale-up and Grow* (TIGA, 2024, forthcoming).
17. This echoes the UK business environment more generally. The UK is ranked third for start-ups but just 13th for the number of businesses that scale up successfully according to the OECD. See: Criscuolo, C., Gal, P.N., and Menon, C., *The Dynamics of Employment Growth: New Evidence from 18 Countries* (OECD, 2014). (https://www.oecd-ilibrary.org/science-and-technology/the-dynamics-of-employment-growth_5jz417hj6hg6-en;jsessionid=x2vDVkBDsXj7ItDHbK7ftqfs53ILFMnUtm2UINSV.ip-10-240-5-148).
18. Gibson, R., Gibson, N., Wilson, R., *Start-up, Scale-up and Grow* (TIGA, 2024, forthcoming).
19. https://www.nesta.org.uk/blog/new-study-assesses-impact-business-accelerators-and-incubators/
20. https://www.thepixelmill.com/
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22. https://swedengamearena.com/en/us/
23. http://baltic-games.eu/files/bgi_game_incubation_in_europe_2020.pdf See also: https://www.gamesindustry.biz/a16z-games-commits-75m-to-accelerator-program-for-early-game-startups?mc_cid=cf8dc9d449&mc_eid=af0dc0011d and https://www.pocketgamer.biz/asia/news/83711/japan-launches-so-fu-accelerator-to-support-indie-game-developers/
24. Games Investor Consulting's longitudinal data derives from 12 surveys conducted in conjunction with TIGA and its partners between 2008 and 2023 of all known British games companies involved in the creation of games (including independent studios, publishers, publisher studios, service companies and broadcasters with games divisions) by telephone and email, gathering their games development headcounts (excluding HR, admin, sales, marketing and commercial staff). Distribution, manufacturing, peripheral device, marketing/PR, eSports teams, video streaming and retail companies were not profiled. Using salary and overheads data from a basket of companies as well as data from TIGA surveys, GIC produces games development expenditure forecasts which are published in TIGA's *Making Games In The UK* reports.
25. Assuming that an average of 4 staff will be employed in each of the 35 participant studios, we project a 175 per cent growth rate spread over a 3-year period after graduation. We have assumed half the average level of games studio mortality found in TIGA's *Making Games in the UK 2023* report due to the strengthening of commercial expertise and mentoring received by recipient studios. To create investment forecasts we have assumed that these young companies will employ staff at half the average salary plus overheads data as used for industry-wide projections in *Making Games in the UK 2023* report.
26. Bank finance is not an important source of finance for most games developers. Developers typically have no main assets that can be used as collateral unlike traditional industries with lots of plant and property on the balance sheet.
27. Fraser, S. and IFF Research Ltd, *Access to Finance for Creative Industry Businesses. Report Prepared for BIS and DCMS* (Warwick Business School and IFF, May 2011). https://assets.publishing.service.gov.uk/media/5a78d2ade5274a2acd18a0fd/11-898-access-to-finance-for-creative-industry-businesses.pdf See also: Creative Industries Council, Access to Finance Working Group Report (Creative Industries Council, December 2012) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/79140/CE-ReportDec2012e-without-Registration1.pdf
28. https://questions-statements.parliament.uk/written-questions/detail/2024-01-23/11105
29. https://ukgamesfund.com/ukgfnews/portfolio-successes/
30. Recipients must have developed games before and have secured publisher or investor funding to the same level of their grant before they apply.
31. https://questions-statements.parliament.uk/written-questions/detail/2024-01-15/9509
32. https://questions-statements.parliament.uk/written-questions/detail/2024-01-23/11105
33. VGIF would be funded by Grant-in-aid or via a new facility provided by the British Business Bank. The VGIF's loans would be guaranteed by Government for 70-80 per cent under the Loan Guarantee Scheme, Start Up Loan Scheme or similar.
34. See the Dutch Game Garden / Game Pitch programme or the Nesta Creative Business Mentoring Network as an example of this approach: https://www.dutchgamegarden.nl/incubation and https://www.nesta.org.uk/project/creative-business-mentor-network/
35. Requiring recipients of the VGIF to spend 70 per cent of their development costs in the UK strikes a good balance: recipients will make most of their expenditure in the UK, but will have some flexibility to expend a small proportion of their costs on overseas suppliers.
36. These costs have been estimated after reviewing operational and administrative costs from a comparable funding organisation, then adding an additional sum for mentoring by senior industry figures (£2,500 per project for 18-20 projects per annum). This fee, which covers an estimated 18-24 months, values mentors' time, gives recipients flexibility on giving shares to mentors (without ruling that out), generally incentivises the mentor to deliver value for the recipient, and helps the recipient studio perform better.
37. TIGA's proposal for a VGIF is set out in further detail in Gibson, N., Gibson, R. and Wilson, R., *Sustaining Success: A Video Games Investment Fund* (TIGA 2024, forthcoming).
38. Gibson, R., Gibson, N., Wilson, R., *Start-up, Scale-up and Grow* (TIGA, 2024, forthcoming).
39. See: https://www.gamesindustry.biz/cd-projekt-red-techland-receive-grants-from-polish-governments-usd27-4m-research-fund
40. https://www.gamesindustry.biz/german-games-fund-to-offer-government-support-for-up-to-50-percent-of-dev-costs
41. Denmark has awarded production grants to Danish games studios three times per annum since 2011 with separate grants for games promotion added in 2017. 33 titles were funded in 2019. See: https://www-dfi-dk.translate.goog/stoette/spilordningen?_x_tr_sl=auto&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=wapp
42. Belgium's Vlaams Audiovisueel Fonds operates a dedicated games fund and awards grants of up to €250,000 for games (https://www-vaf-be.translate.goog/?_x_tr_sl=auto&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=wapp) and provided €1.5m in games funding in 2019.
43. https://www.gamesindustry.biz/articles/2018-01-12-spanish-government-confirms-6-5m-grant-for-indie-devs
44. Film Victoria fund provides up to $500,000 per games project (https://www.film.vic.gov.au/funding/games-funding)

45. https://www.cmf-fmc.ca/en-ca/programs-deadlines/programs/commercial-projects-program

46. The French Cultural Commission provides up to €200,000 for prototypes and development from the Video Games Fund (FAJV) https://www.cnc.fr/web/en/funds/support-fund-for-videogames_191823

47. https://www.gamesindustry.biz/german-games-fund-increases-to-73-million and https://www.gamesindustry.biz/german-games-fund-to-offer-government-support-for-up-to-50-percent-of-dev-costs Applicants can receive grants worth 25-50 per cent of their production costs with no stated upper limit on budgets. For protypes, production costs must be between 30,000 euros and 400,000 euros. Projects with costs between 100,000 euros and 2 million euros will be funded up to a maximum of 50 per cent. Projects with costs between 2 million euros and 8 million euros will receive between 25 per cent and 50 per cent funding. Projects with costs above 8 million eros will receive a maximum of 25 per cent. Qualifying games need to pass a cultural test similar to that for VGTR in the UK.

48. https://www.cmf-fmc.ca/en-ca/programs-deadlines/programs/commercial-projects-program. The Canadian Media Fund's "Experimental stream" funded just over C$40M across all stages of development (e.g., conceptualization, etc.) in 2022/23 in 153 projects. Of that funding, approximately 80 per cent went to games (information from Nordicity, 29th January 2024).

49. Games Investor Consulting's longitudinal data derives from 12 surveys conducted in conjunction with TIGA and its partners between 2008 and 2023 of all known British games companies involved in the creation of games (including independent studios, publishers, publisher studios, service companies and broadcasters with games divisions) by telephone and email, gathering their games development headcounts (excluding HR, admin, sales, marketing and commercial staff). Distribution, manufacturing, peripheral device, marketing/PR, eSports teams, video streaming and retail companies were not profiled. Using salary and overheads data from a basket of companies as well as data from TIGA surveys, GIC produces games development expenditure forecasts which are published in TIGA's *Making Games In The UK* reports.

50. We have assumed that recipients' use of proceeds will be split evenly between protecting existing jobs and hiring new staff for the projects being funded, then used sector-wide growth and investment forecasts from TIGA's *Making Games in the UK 2023* to project company headcount growth and investment levels as a result of this new funding.

51. https://www.businessfinland.fi/en/for-finnish-customers/services/funding/tempo-funding/game-business-funding In 2019, Business Finland awarded a total 2 million euro grant to Next Games for a project to develop its machine learning and AI capabilities. See: https://www.globenewswire.com/news-release/2019/11/29/1954070/0/en/Business-Finland-Grants-EUR-2-Million-to-Next-Games-to-Develop-its-Machine-Learning-and-AI-capabilities.html

52. *Ten Years of Funding and Networks for the Finnish Games Industry: Tekes in the Games 2004-2014* (Tekes, 2015). More recent data provided by Neogames to TIGA shows that between 2015 and 2020 Business Finland invested around €60-70 million in Finnish game companies. Taxes (e.g. corporation taxes, sales taxes and income taxes of successful entrepreneurs) generated over €1.8 billion tax income to national economy. This represents a return of approximately €25 for every €1 invested in video games businesses (information from Neogames provided to TIGA 13th October 2022).

53. https://www.gamesindustry.biz/german-games-fund-increases-to-73-million See also https://www.game.de/en/german-games-funding/

54. https://questions-statements.parliament.uk/written-questions/detail/2024-01-15/9507

55. https://www.hesa.ac.uk/data-and-analysis/students/what-study

56. Undergraduate degrees are level 4 (First year) to 6 (Final year), with postgraduate level 7. HNDs are level 5.

57. If lecturers opted for short secondments (for example, of three months duration) then clearly more than 20 lecturers could benefit. For reasons of simplicity, though, this proposal discusses placing 20 lecturers in studios on 12-month secondments.

58. FE colleges and universities would incur administrative costs when recruiting temporary staff. Colleges and universities concerned about the temporary loss of permanent staff could opt for shorter periods of time for secondees.

59. There would be indirect costs associated with the secondee hosting at the studio. Overheads, desk space, office equipment, software licenses, etc, all cost the studio. An experienced staff would also have to devote time to working with the secondee. Ideally, the ISP should cover these costs. The studio will have an additional incentive to take part if these costs are covered.

60. Institutional mapping of spine points vary, but for a Lecturer is typically 33-38 on the HE spine points (https://www.ucu.org.uk/he_singlepayspine). This equates to £38592-£44737. Senior Lecturers and Associate Professors are higher on the spine points than the Lecturer grades. Additionally, indirect costs are usually factored in at 25 per cent of the direct costs for schemes of this kind. So an approximate breakdown, assuming an average annual salary of £40,000:

    =40000 x1.25 x 20

    = £1,000,000 / annum

    It may be necessary to factor in costs associated with training and development here, CPD in a direct capacity rather than just indirect.

    The ISP could potentially be established as a reciprocal scheme. In this case, a developer working in the games industry could work in FE/HE for one of the cited durations.

61. This would be the minimum impact, as length of secondment would see this rise (i.e. if everyone took 6 month secondments, it would be 200).

62. https://www.hepi.ac.uk/wp-content/uploads/2022/04/Holding-Talent-Back-What-is-next-for-the-future-of-Level-3.pdf

63. DfE https://www.gov.uk/government/publications/wave-4-t-levels-overlapping-qualifications

64. Other qualifications on the defunding list, include Pearson BTEC Level 3 National Diploma in Film and Television Production and Pearson BTEC Level 3 National Extended Certificate in Digital Film and Video Production. These are not used for games directly, but some learner interested in film and cinematics will go on to work in the games industry.

65. A TIGA survey in September 2023 of 20 games businesses employing 3,885 developers (16 per cent of the UK games development workforce) showed that all games businesses provided training for their employees, including on the job training and formal courses not leading to qualifications. The average number of training days provided by games businesses was 10.5 days

per employee. Fiscal incentives for training could ensure additionality if focused on smaller studios and if tied to formal courses and qualifications. See Wilson, R., *Skills Report* (TIGA, 2023).

66. https://questions-statements.parliament.uk/written-questions/detail/2024-02-16/14059
67. DCMS Skills Investment Fund 2013-17 (Screen Skills).
68. Interestingly, this proposal has also been suggested by the LSE Growth Commission. See LSE Growth Commission, *UK Growth. A new Chapter* (Centre for Economic Performance, 2017), page 31 on https://cep.lse.ac.uk/LSE-Growth-Commission/files/LSEGC-2017-report.pdf
69. https://www.sumo-digital.com/sumo-digital-academy-apprenticeship-programme-how-to-apply/
70. Wilson, R., *Skills Report* (TIGA, November 2023). Apprenticeships can, of course, be pitched at graduate level. In parenthesis, there is an urgent need for the UK to invest in skills and training, not least in order to help address our long-standing disappointing productivity performance. Government spending on skills will be 23 per cent below 2009-10 levels, according to the Institute for Fiscal Studies. The introduction of the apprenticeship levy in 2017 has not had a positive impact. Apprenticeship starts in England fell by 33 per cent or 160,000, in 2022-23 in comparison to 2014-2015, according to London Economics. See Foster, P. and Gross, A., 'Looming rise in student numbers sparks call for skills reform in England', *Financial Times*, 7th April 2024.
71. These activities help to minimise skills gaps (i.e. existing employees inside a business lacking the right skills) but have not eliminated skills shortages (i.e. a shortage of skills or experience the employer is looking for outside of a business).
72. *The 2022 UK Games Software Developers' Salary Survey* (TIGA, 2023).
73. https://questions-statements.parliament.uk/written-statements/detail/2024-01-30/hcws222
74. https://www.gov.uk/government/publications/skilled-worker-visa-immigration-salary-list There are at least 8 roles relevant to the video games industry on the SOL. See also https://questions-statements.parliament.uk/written-questions/detail/2024-01-15/9512
75. https://www.stevens-bolton.com/site/insights/articles/government-announces-controversial-new-plan-to-cut-net-migration
76. https://www.gov.uk/government/publications/rapid-review-of-the-immigration-salary-list
77. Laurence Keir-Thomas, Fragomen LLP (February 2024).
78. Visa fees rose by between 15-20 per cent in October 2023. The Immigration Health Surcharge paid on most applications per person per year will rise in February to £1035 for most main applicants. If you take Skilled Worker (the main category used by businesses to sponsor workers), a business could expect to pay £9500 when sponsoring a visa for 5 years in January 2023. By February 2024, this figure is over £11800 if there are no discounts available, a 24 per cent increase.
79. Laurence Keir-Thomas, Fragomen LLP (February 2024).
80. https://gs.statcounter.com/os-market-share/mobile/worldwide
81. Android and iOS account for 99.6% of the global mobile market. Sources https://gs.statcounter.com/os-market-share/mobile/worldwide and Source: Ampere Analysis forecast https://www.ampereanalysis.com/products/about/games-markets
82. Apple and Google are subject to new primary legislation, multiple antitrust investigations and rulings by regulators worldwide as well as multiple individual and collective litigations claiming anti-competitive and monopolistic behaviour. See: https://en.wikipedia.org/wiki/Epic_Games_v._Apple, https://www.reuters.com/technology/apple-bids-throw-out-1-bln-uk-lawsuit-over-app-store-fees-2024-01-23/, https://fortune.com/2023/12/13/google-lost-antitrust-lawsuit-epic-games-verdict-what-happens-next/ See also: https://www.gamesindustry.biz/eu-commission-investigates-google-meta-and-apple-for-possible-digital-markets-act-violations?mc_cid=a3e8584bde&mc_eid=af0dc0011d and "EU probes Apple, Meta and Alphabet under landmark new law", *Financial Times*, 25th March 2024.
83. Console manufacturers take between 25-30% of a physical game's Recommended Retail Price depending on the location and 30% of a digital download. In return, console manufacturers invest in marketing hardware and software to subscriber bases with very high propensity to buy, promoting games in their curated digital stores, and directly funding a proportion of some games' development, either as exclusives or as co-funding for studios.
84. Typical revenue shares taken by online retailers range from 8-15% (Amazon) to 2-5% plus credit card fulfilment fee (Temu).
85. Epic Games Store charges 12% revenue share and offers additional value add services for free.
86. This goes beyond any legal requirements from, for example, the EU.
87. https://www.autoritedelaconcurrence.fr/en/press-release/advertising-ios-mobile-applications-general-rapporteur-confirms-having-notified-apple and https://www.reuters.com/article/idUSL1N2HJ237/ It has been argued that Apple's policy does not give users accessible, up-front options to disable its own advertising tracking. See http://www.fosspatents.com/2022/08/finally-us-injunction-sought-against.html and https://www.adexchanger.com/privacy/meta-and-apple-face-fines-and-privacy-headwinds-in-europe/ This policy has been the subject of state investigations. See for example: https://www.autoritedelaconcurrence.fr/en/press-release/advertising-ios-mobile-applications-general-rapporteur-confirms-having-notified-apple and https://www.reuters.com/article/idUSL1N2HJ237/
88. https://www.marketingdive.com/news/gaming-in-app-purchases-drop-35-globally-after-apples-att-changes/619324/
89. https://www.pocketgamer.biz/news/83467/att-consent-reached-39-in-2023-as-racing-games-turbo-charged-installs/
90. https://www.pocketgamer.biz/news/83467/att-consent-reached-39-in-2023-as-racing-games-turbo-charged-installs/
91. https://www.adexchanger.com/mobile/ua-for-game-developers-is-an-entirely-different-animal-in-the-post-att-era/
92. https://www.data.ai/en/insights/mobile-gaming/state-of-mobile-gaming-2024/
93. https://www.data.ai/en/insights/mobile-gaming/state-of-mobile-gaming-2024/
94. Source: Games Investor Consulting 2024.

Meet the TIGA Board

Dr Richard Wilson, OBE
CEO, TIGA

Jason Kingsley, CBE
Co-Founder, CEO and Creative Director, Rebellion

Elaine Green
Director, Nellyvision

Mark Gerhard
CEO and CTO, Playfusion and TIGA Vice-Chairman

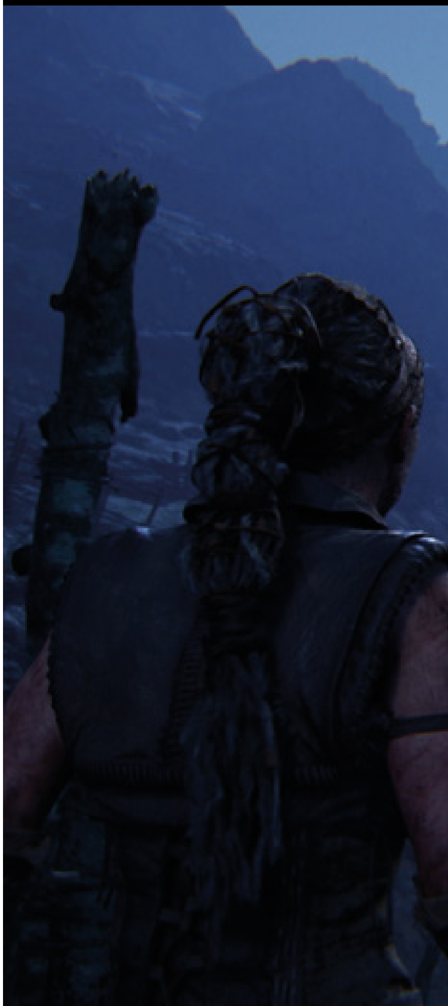
Halli Thor Bjornsson
CEO, Lockwood

Jon Rissik
CEO, Dovetail Games

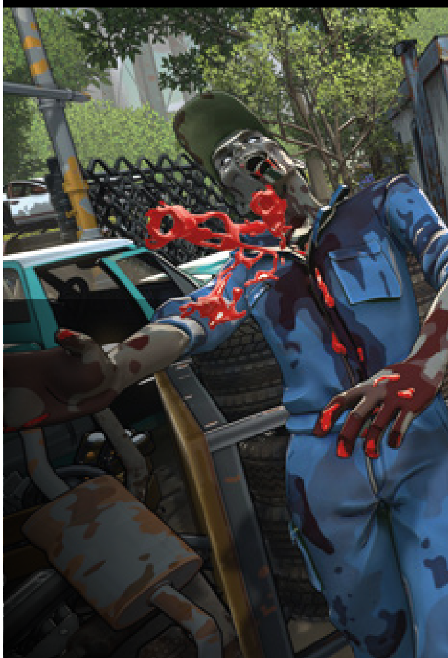
Stuart Whyte
Studio Head, PlayStation London Studio

Lisa Opie
Managing Director, Ubisoft

Carl Cavers
Chief Executive Officer, Sumo Group plc



Saga - Ninja Theory



Zombieland Reloaded - XR Games

Zombieland Headshot Fever - XR Games

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Whilst every care has been taken to ensure the accuracy of the information in this guide at the time of publication, the information is intended as guidance only. It should not be considered as legal advice.

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