



State of Play

The UK games industry's priorities for the EU negotiations

March 2017

#ukiebrexit

ukie
THE ASSOCIATION FOR UK INTERACTIVE ENTERTAINMENT

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Introduction

“We want to work with Government to seize opportunities in areas like talent and skills”

“

Since last year's referendum, Ukie has been working to understand the challenges and opportunities presented by a future outside the EU. We have spent the last four months visiting 11 UK cities with established games clusters, speaking directly to over 70 businesses and getting detailed data via our online consultation from over 75 more. Evidence is key to informing policy and we want the information presented in this interim report to shape the direction that the country will follow both in our upcoming negotiations with the EU as well as our ambition to become a truly Global Britain – home to the best and most diverse homegrown and international talent, pioneers and innovators from the tech and creative industries who'll shape the world ahead.

The UK games industry blends the best of British innovation and creativity and we have the opportunity to lead the world in AI, VR and AR development through what we do in the games industry. We look forward to working with Government to seize the opportunities in key areas such as skills, immigration and public funding reform to create a 21st Century globally competitive future.

”

Jo Twist



Dr Jo Twist OBE
CEO
Ukie

Introduction

“It is vital Government considers the impact of Brexit on the creative and tech industries”



Noirin Carmody
Co-Founder and COO
Revolution Software,
Chair
Ukie

“

The 2,000 games businesses operating in the UK are by their very nature international and outward looking. Every games developer and publisher in the country looks to trade in the global marketplace, exporting cutting edge, digitally creative content to consumers around the world. And due to the highly skilled nature of creating games, the sector has to draw on the best global talent, in fields as diverse as concept art, data analytics, and artificial intelligence programming.

Brexit raises a number of challenges in these and other areas. Challenges that will affect not just the games industry but the wider technology and creative sectors that games sit within. It is therefore vital that government considers how leaving the EU will impact these sectors, if the UK is to remain a world leading destination for creative, high-tech, knowledge-intensive companies that will continue to succeed in the 21st century. We hope that this report provides valuable evidence and clear recommendations that will assist policy makers in the months following the triggering of Article 50.

”

A handwritten signature in black ink, likely belonging to Noirin Carmody.

About ukie

Working to make the UK the best place in the world to make and sell games

Ukie is the trade body for the UK's games and interactive entertainment industry. We represent over 320 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.

We aim 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 UK businesses to thrive.



About this report

An evidence-based review, incorporating both qualitative and quantitative data gathering

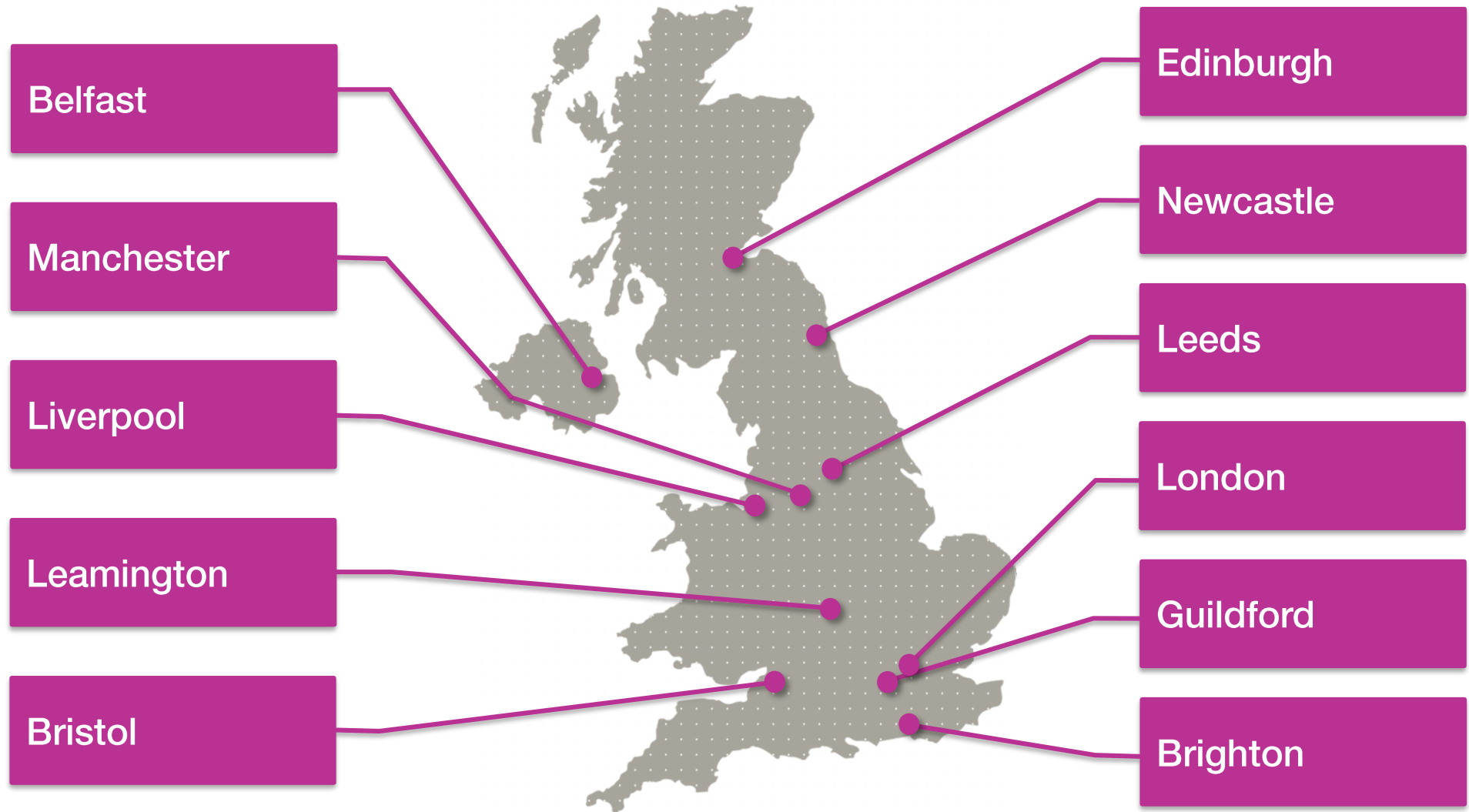
Following the referendum result in June 2016, we recognised the vital importance of identifying the key challenges and opportunities for the games industry for the upcoming Brexit negotiations.

In addition to launching an industry wide confidential survey, to which over 75 games businesses responded, we organised roundtable meetings with over 70 games businesses across 11 cities in the UK to examine what is already happening as a consequence of the referendum and assess the top priorities and opportunities for our sector.

The analysis, evidence, and case studies we gathered from these discussions, as well as contributions and recommendations from companies across the breadth of our sector, are presented in this report which sets out our main industry asks and hopes to inform the Government's forthcoming EU negotiations.

Nationwide industry roundtables

Ukie conducted Brexit roundtables with over 70 companies across 11 key games clusters



Industry-wide consultation

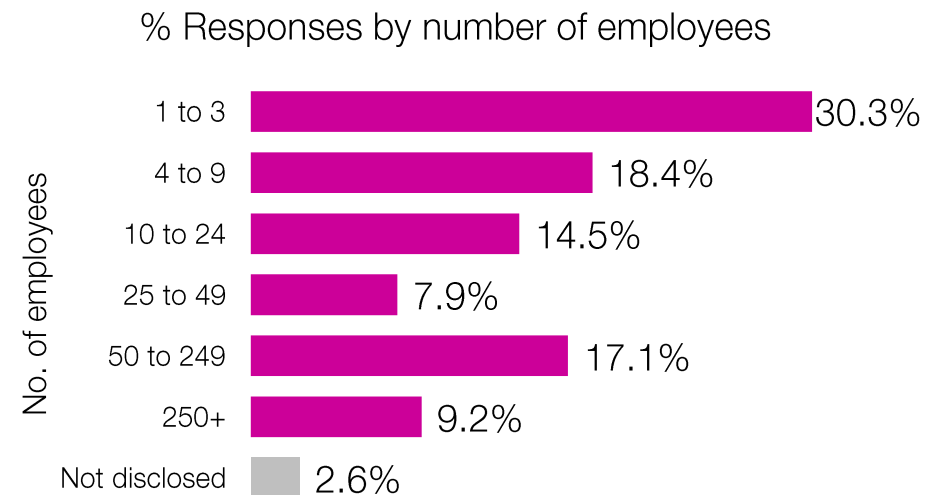
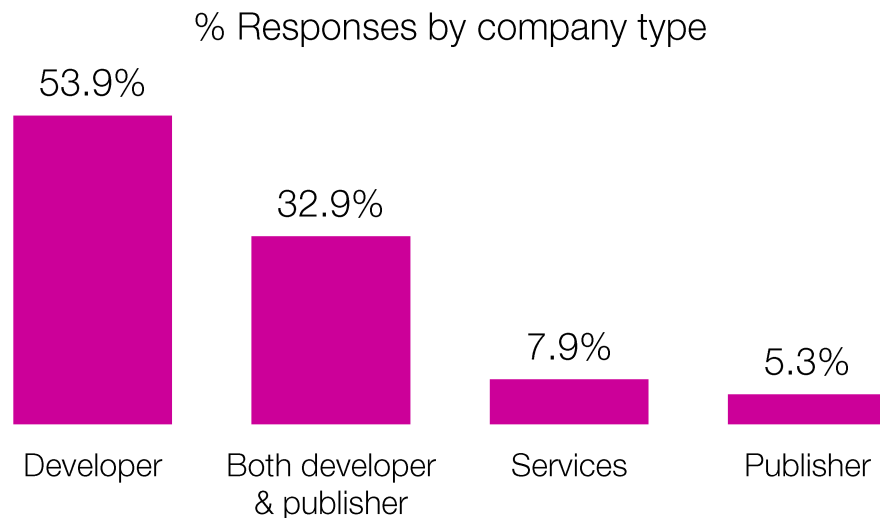
Our additional industry-wide survey gathered detailed statistical insight in Q1 2017

76 games companies

gave us detailed responses via online surveying*.

87% of these businesses work in game development, with the rest specialising in either game publishing or providing games services.

27% of these companies employ more than 50 employees.



*A further 17 responses were received from businesses that support and service the games industry indirectly. Their data does not form part of the main analysis.

The UK in the global picture

The UK was the 6th largest market in a global industry worth \$99.6bn in 2016



The global games market was worth **\$99.6 billion in 2016**, an increase of 8.5% on 2015, with the **UK the 6th largest market** in terms of consumer revenues¹.

Ukie's 2015 UK market valuation totals nearly **£4.2bn in consumer spend** on games and games-related products.

In terms of retail sales, in 2016 **games revenue increased by +2.9% to £2.96bn**. This record figure is equivalent to 1.3 times the size of the video sales market and 2.6 times as much as music.²

1. Newzoo Global Games Market Report, 2016
2. The Entertainment Retailers Association, 2017

The UK games industry

Over 2,000 businesses, from the largest multinationals to entrepreneurial start-ups

2,088

active games
companies

95%

small and
medium
enterprises

72%

based outside
London

12,100

full-time
employees

9,400

in game
development

900

in game
publishing

69%

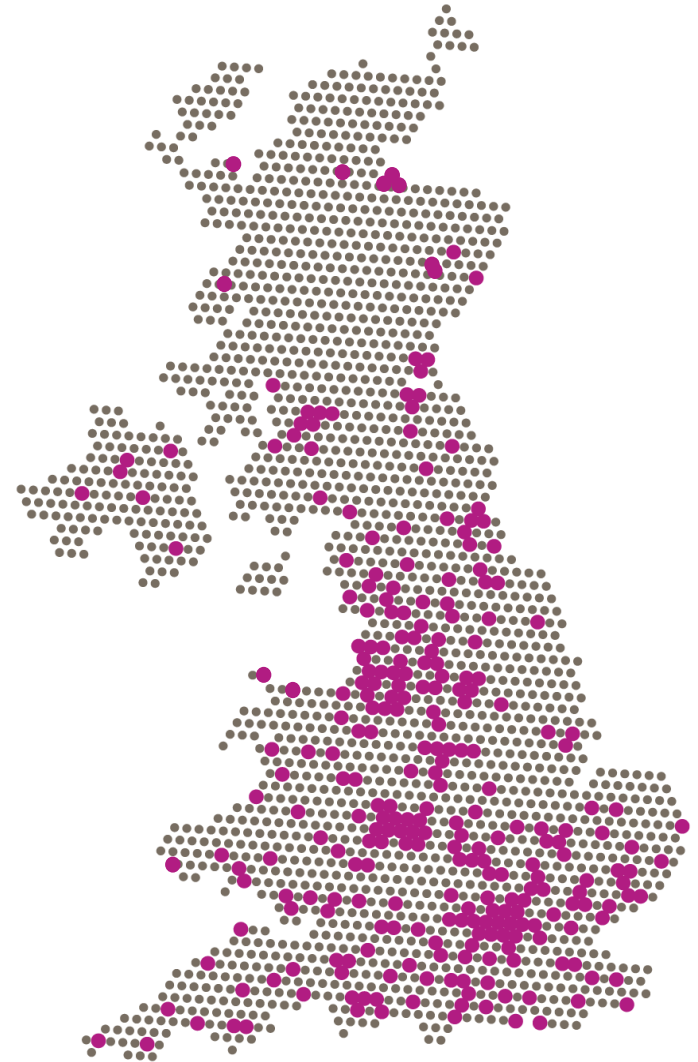
companies
making mobile
content

5,000

mobile games
jobs, the most
in Europe

68%

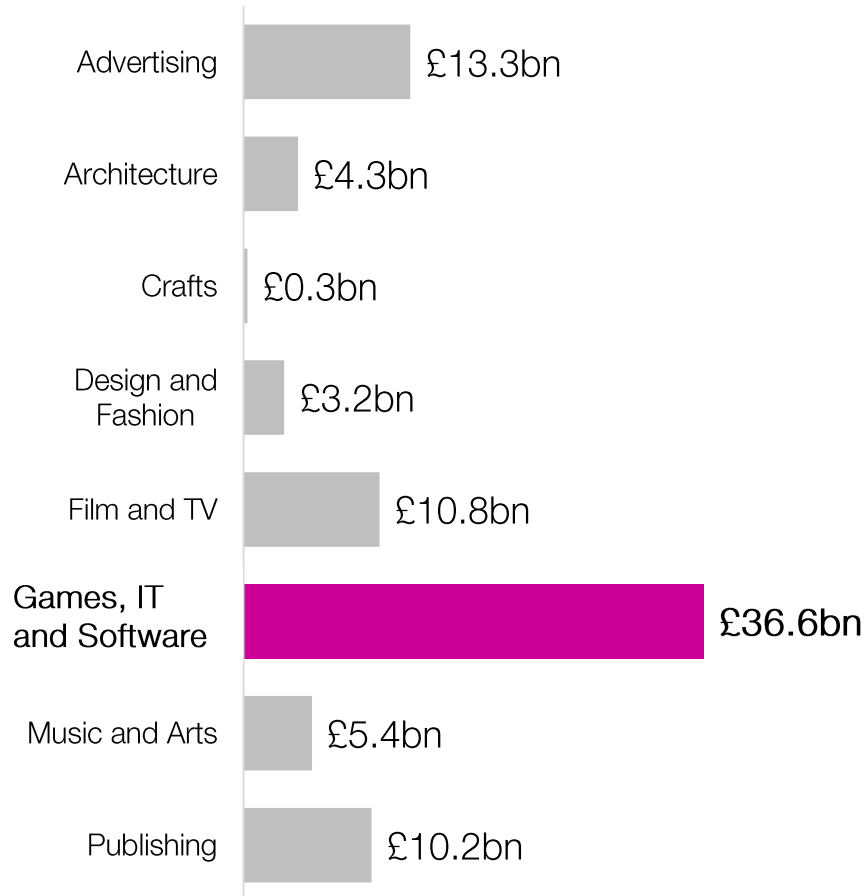
founded since
the beginning
of 2010



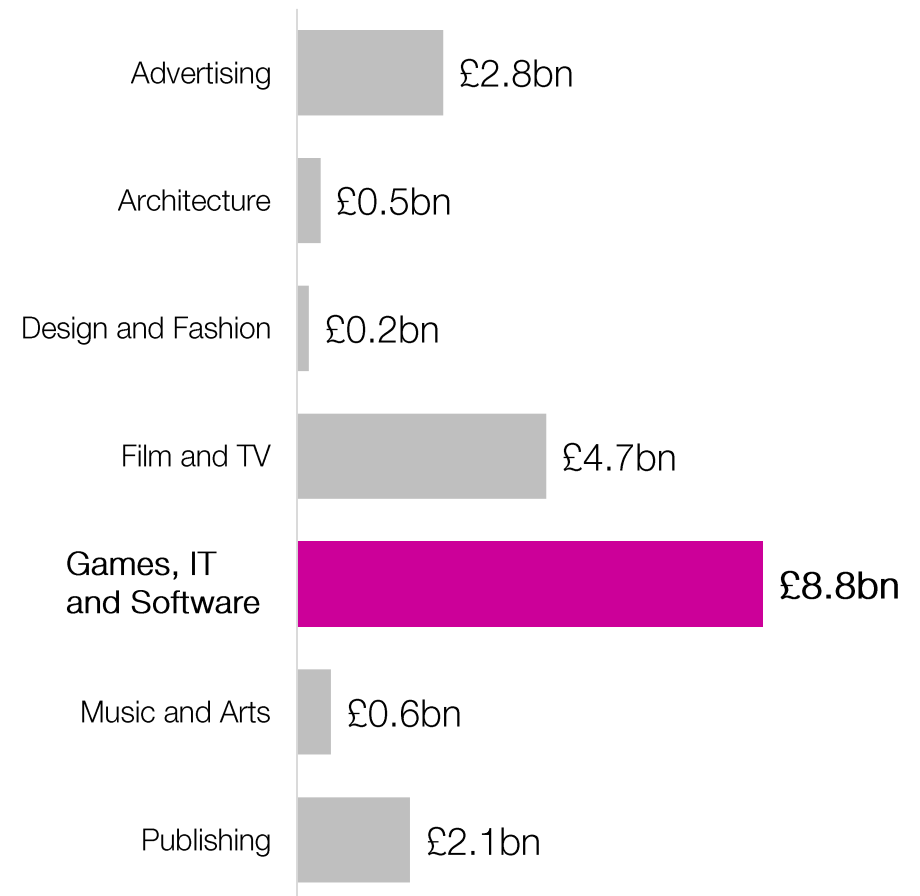
Games in the creative sector

Games, IT & Software have the highest GVA and service exports of the creative industries

GVA of the creative sectors (£bn)



Service export value of creative sectors (£bn)



DCMS Creative Industries Economic Estimates, January 2016



Key findings

Key findings

Talent

Talent is the number one priority for games businesses, with 61% of respondents relying on highly skilled international talent to make innovative new products and services. It is vital that our industry maintains the ability to recruit diverse talent globally. Our departure from the EU is seen as an opportunity to redefine our immigration laws to position the UK as home to the best technological and creative international talent.

Additionally, there is an urgent need for the Government to clarify whether EU citizens currently working in the UK will have the right to remain, and 98.4% of respondents believe that in the future EU nationals who meet skills criteria that reflect the games industry's emergent needs should have a blanket right to live and work in the UK.

Markets

It is vital that games businesses retain the ease of trade they currently enjoy through our membership of the European single market. As a digital industry that exports globally through digital platforms and marketplaces, games businesses' primary concerns are facing new non-tariff barriers and future regulatory divergences that could hinder market access. That said, games also remain a physical product, with new hardware continuously being developed for innovations like virtual reality, and it is important for businesses that UK-EU trade is kept tariff free.

Our future trading relationships with both the EU and new international partners should seek to enshrine the existing trade liberalisations the games industry currently enjoys and Government should ensure that new deals are negotiated with a full understanding of the needs of the technology and creative sectors.

Key findings

Data

Data is of fundamental importance to the games industry, with 59% of respondents relying on the ability to process data from users located outside the UK to create innovative new games and services. The success of many games companies has relied on their ability to continuously improve and advance their games by deriving insights from data which, due to games' inherently global audiences, necessitates the ability to move data across national borders.

It is thus critical that the Government ensures there is a robust legal basis in place following our departure from the EU for cross-border data transfers between the UK and EU to continue, and that any future changes to data protection laws do not hinder this flow of data. The Government should prioritise obtaining a data adequacy decision from the EU.

Funding

Whilst UK games businesses have been able to access certain European funds like Creative Europe, these have restrictive and outdated criteria and have largely not been designed with the games industry in mind. Games businesses believe our departure from the EU is a key opportunity to reconsider our existing public funding structures to see more strategic and structural funding for a wider range of activities that will unlock the long-term cultural and commercial potential of the UK games industry.

Reforming existing public funding structures to make them comparable in scale and scope to those offered to other creative sectors would be a major boon for the games sector in the UK, underpinning growth across the country.

Business sentiment

The referendum result has impacted games businesses' ability to attract investment and talent



Company prospects



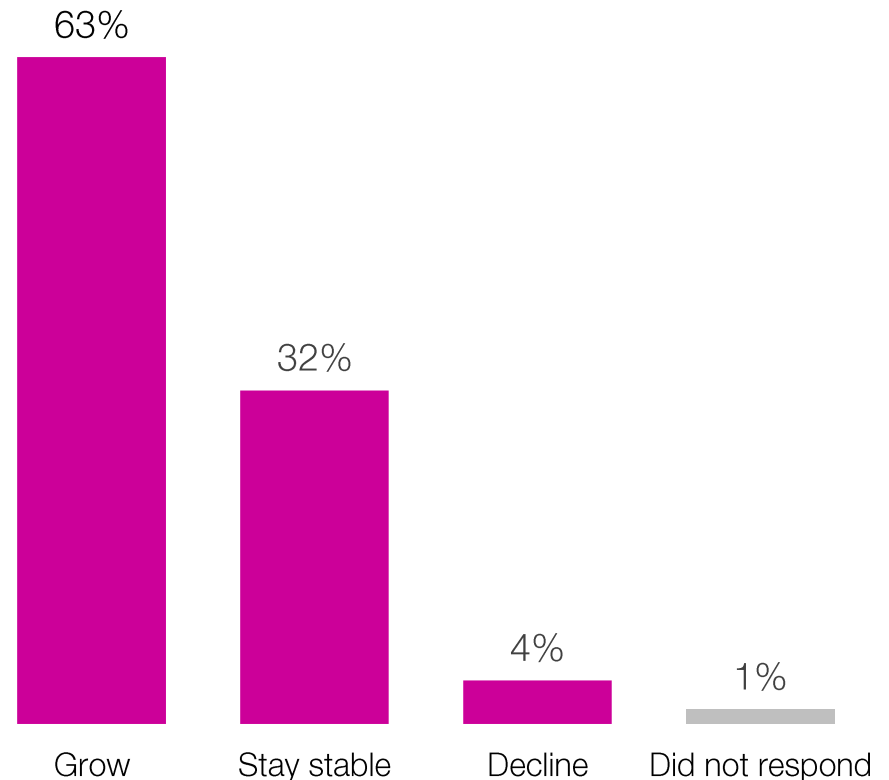
Games businesses are less optimistic about their prospects post-referendum

While most games companies remain positive in their outlook, the overall trend is less optimistic than results from similar questions posed in Ukie's pre-referendum surveys.

2016 Ukie member survey:
80% of games companies projecting growth

2015 Ukie member survey:
76% of games companies projecting growth

How do you think your company's business prospects will evolve in 2017?

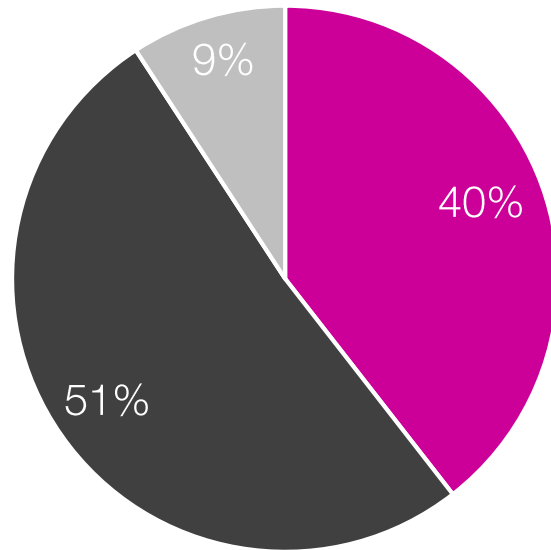


Company location



The referendum result has led games businesses to consider the option of relocating

Are you considering relocating part or all of your business outside of the UK as a result of the UK leaving the EU?

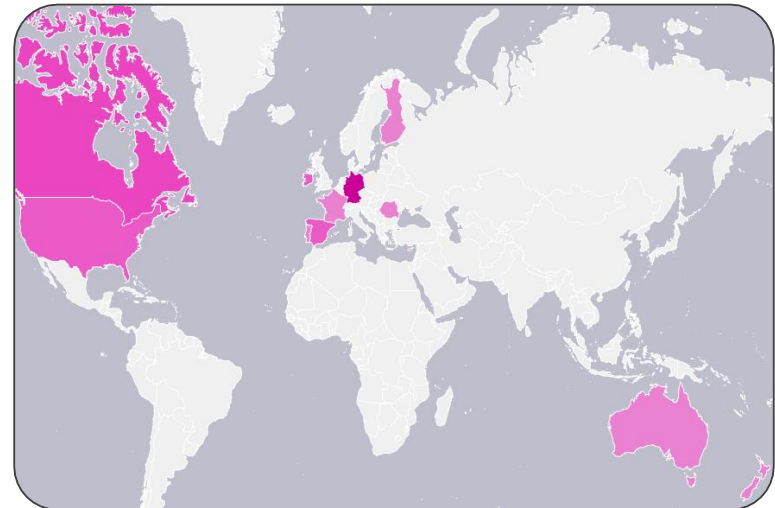


- Yes, considering relocating
- No, remaining in the UK
- Did not answer

40% of surveyed games companies are considering relocating part or all of their business outside the UK.

23% of those companies thinking about moving have already been approached by other places.

UK games companies have received offers from:



Germany, Canada, Spain, Ireland, USA, Malta, Romania, Portugal, Finland, France, New Zealand, Cyprus, Australia

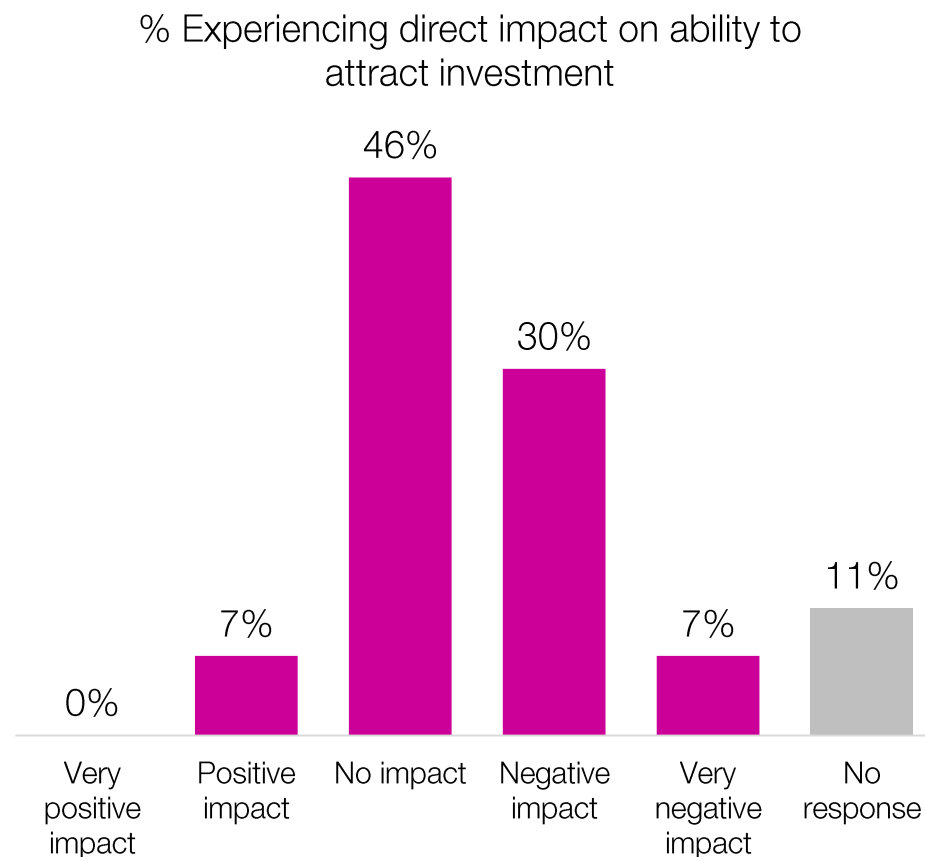
Impact on investment



Games businesses have seen a negative impact on their ability to attract investment

Since the EU Referendum, **37%** of games businesses report negative impacts on their ability to attract investment.

The effects are **more pronounced on smaller companies**, with **48%** of businesses with fewer than 50 employees reporting negative impacts.



Impact on talent

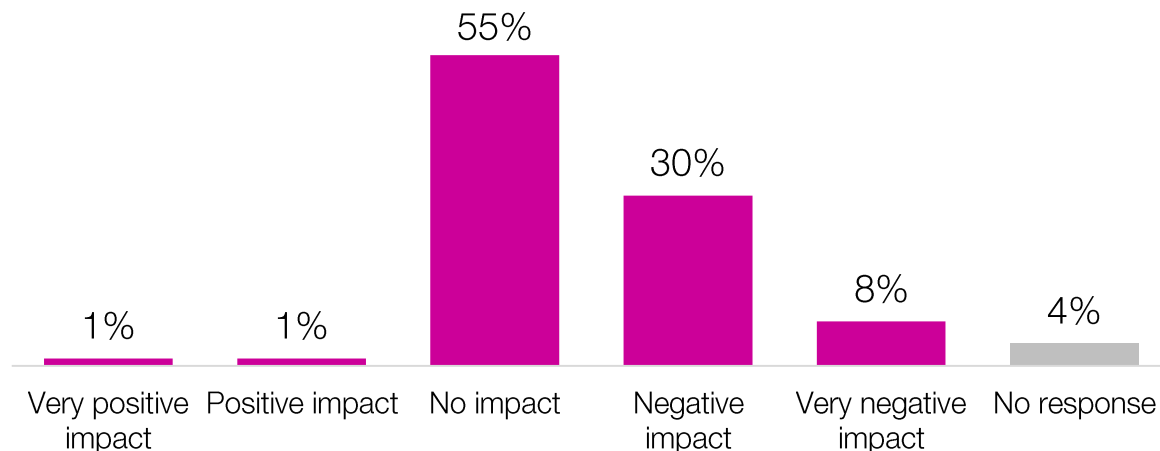


The biggest impact so far has been on the ability to attract and retain global talent

38% of UK games businesses are already seeing negative impacts.

The result of the EU referendum is perceived as weakening the UK's attractiveness as a destination for EU and international candidates.

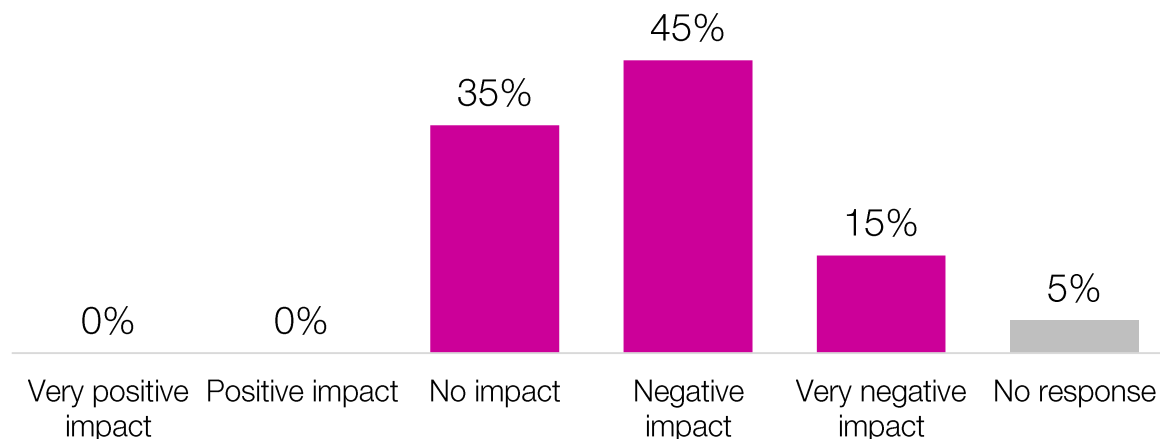
% Experiencing direct impact on ability to attract and retain talent



To date, companies with more than 50 employees have been more negatively impacted.

60% of these businesses have already seen negative impacts on their ability to attract and retain global talent.

Employment impact on companies with more than 50 employees



Talent

The number one priority for games businesses is to retain the ability to recruit high-skilled European and international talent



Talent landscape of UK industry

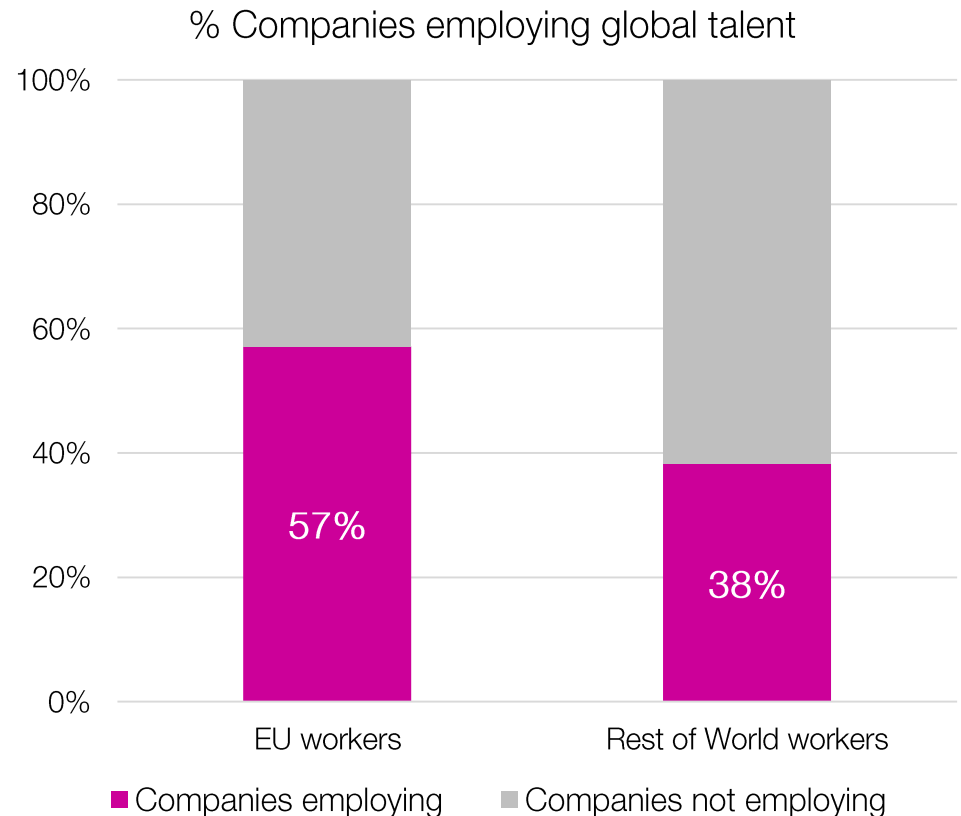


International talent is an integral part of the UK games industry workforce

The UK is a hub for the world's best talent with **61%** of games businesses employing global talent.

57% of games businesses employ EU workers. On average, EU employees make up **34%** of these companies' headcount.

38% of games businesses employ workers from outside the EU. On average, these employees make up **17%** of these companies' headcount.



Salaries and skills of non-UK workers

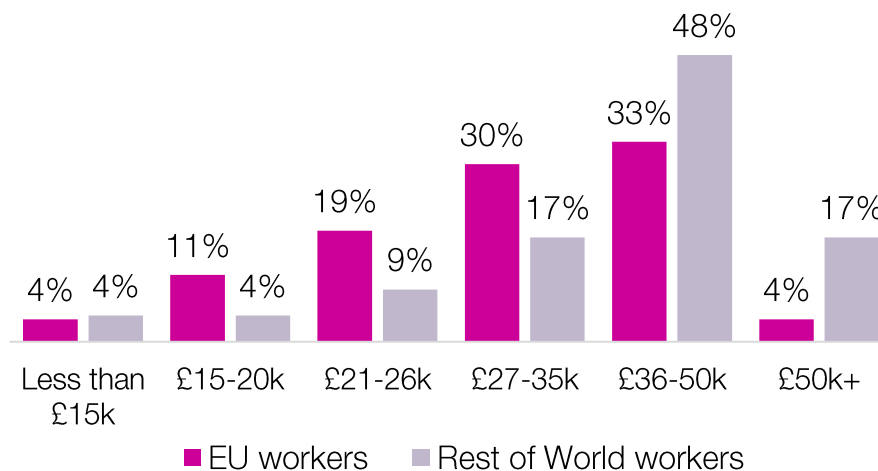


EU employees make up a critical part of the highly-skilled workforce

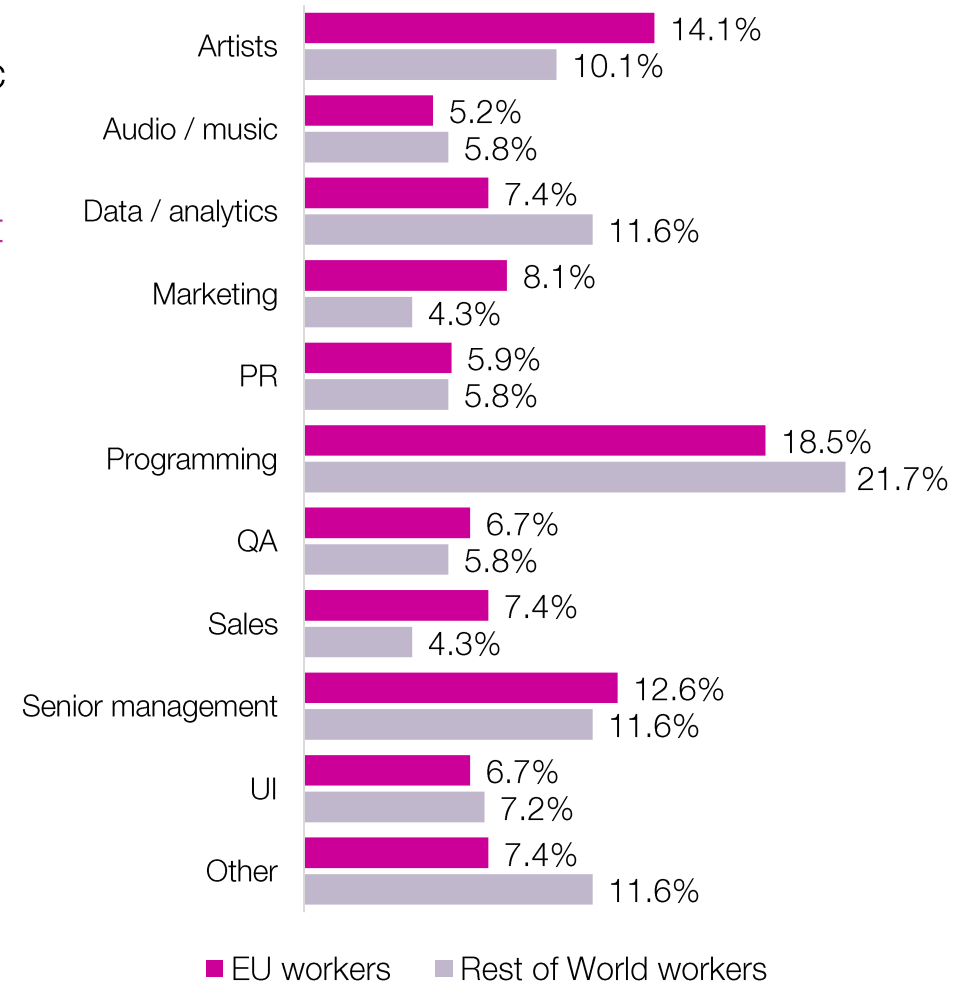
EU employees primarily fill mid-tier roles where there is a shortage of UK candidates while non-EU candidates are primarily sought to fill highly specific and more senior roles.

87% of games businesses hired international talent as UK candidates did not have the right skills or specific experience required.

Salary distribution for non-UK employees



Roles distribution for non-UK employees



International talent



Games businesses must continue to have access to the best international talent

Key takeaways from our **London** roundtable:

Our industry is fundamentally global, and there is fierce competition for specialist skills, such as technical artists or individuals who have proven success working in specific games genres, as well as very new and emerging skills, such as artificial intelligence programmers and free to play product managers. We will always need to source and compete globally for this talent.

Games businesses rely on bringing together a diverse and international group of individuals, and it is often the fusion of experiences and diverse perspectives they bring to the table that enables us to consistently create innovative new games.

In order for the UK to remain competitive globally and for UK businesses to secure work which would otherwise be invested elsewhere we must continue to be a hub for top global talent.

London

Games companies: 556



Case study: Bossa Studios



“Due to the international nature of what we create, we fundamentally rely on global talent”



Henrique Olifiers
Co-Founder & CEO
Bossa Studios

“

Bossa's award-winning games are played in every corner of the planet, **generating 80% of our revenues from exports**. We don't export just games: we spread British values and humour to audiences far and wide. Due to the international nature of what we create, we fundamentally **rely on global talent capable of crafting international products**: 40% of our team comes from the EU and 10% from the rest of the world.

The **damaging uncertainty caused by Brexit to our EU employees**, and not having open access to the brightest and best European talent, some of whom are now refusing to resettle in the UK, is forcing us have to **assess whether it will be at all possible to produce our future games in this country**.

”



Location:

London

Employees:

40

Top titles:

Surgeon Simulator

Montermind

I Am Bread

UK skills shortage



87% of businesses hired global talent as UK candidates did not have the right skills

Key takeaways from our **Brighton** roundtable:

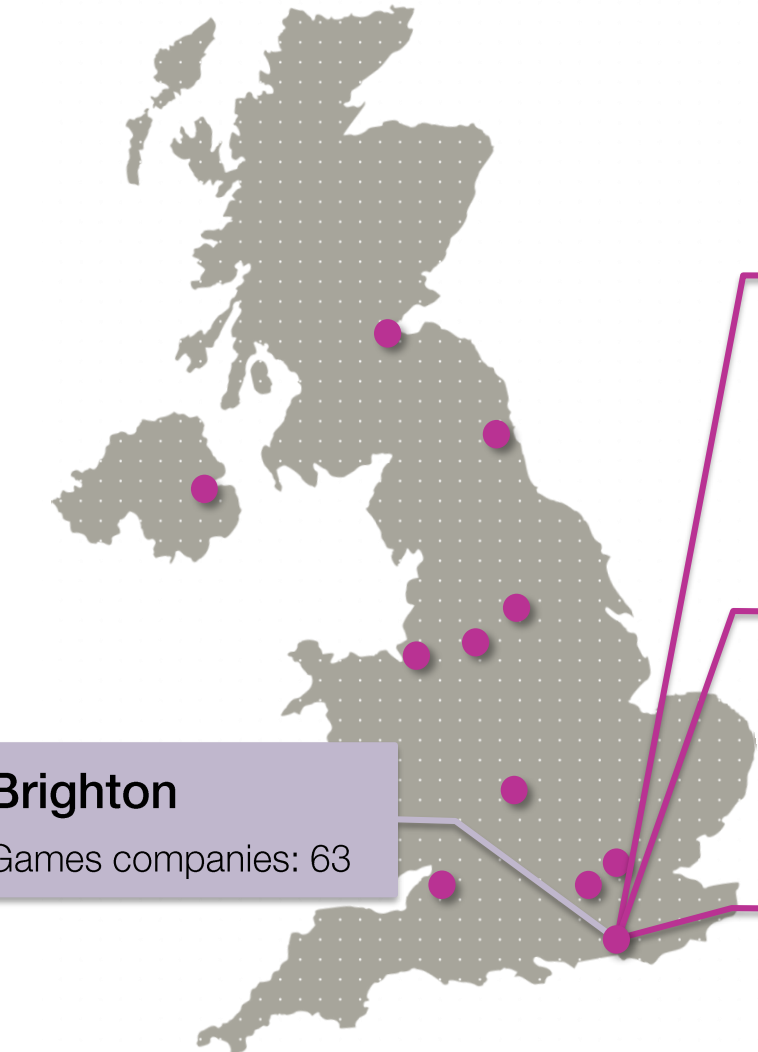
The future of the games industry depends on maintaining the talent pipeline entering our industry and we need to address the fact that our education system is not fuelling that pipeline as well or as quickly as we need it to.

Games talent should be fostered through apprenticeships designed to suit the industry's needs as well as more investment in inspiring students to take up STEAM subjects at degree level.

Games degrees on offer in the UK are largely failing to equip students with the specialist skills and professional awareness needed to find entry-level work in the industry.

Brighton

Games companies: 63



EU citizens' right to remain



98% think highly-skilled EU citizens should have a blanket right to live and work in the UK

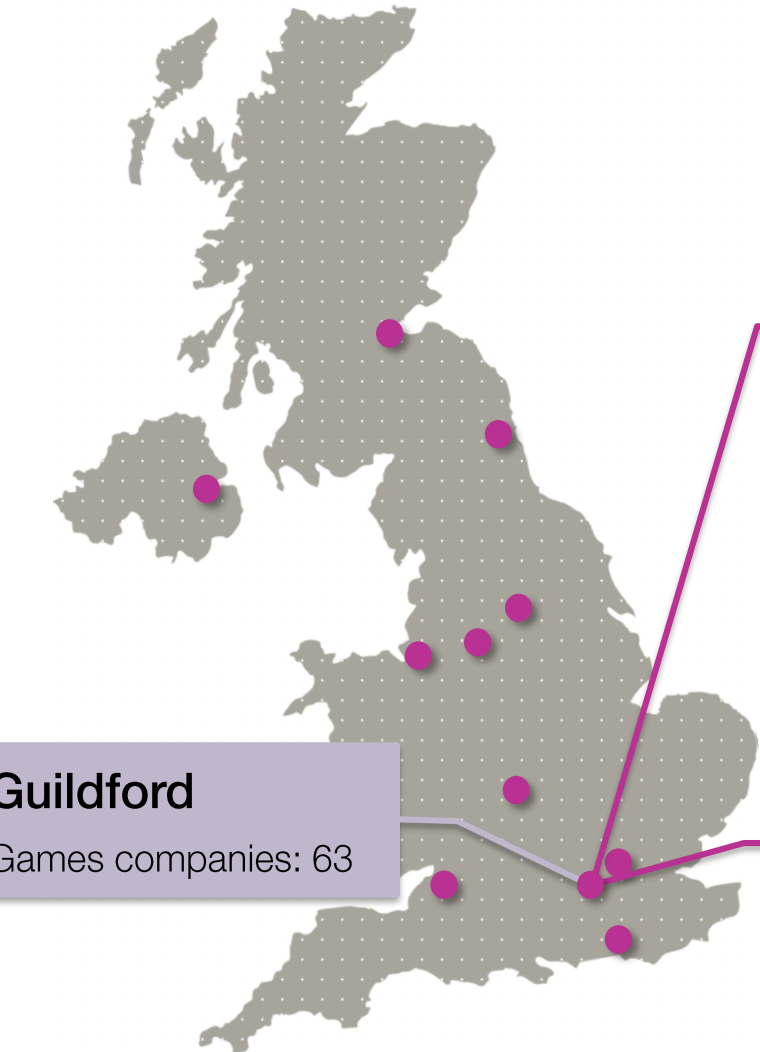
Key takeaways from our **Guildford** roundtable:

The lack of clarity around the rights of EU citizens in the UK has already led to European candidates turning down offers to work for us in the UK. It's vital that we receive clarity from Government so that we stop bearing the cost of this uncertainty.

We need confirmation that EU nationals working in the UK have the right to remain and continue working with us, especially as this will significantly impact the pool of high skilled workers in the UK.

Guildford

Games companies: 63



Case study: multinational company



The most detrimental impact would be facing new hurdles in sourcing skilled EU workers



Being able to access the highly skilled international talent we need to continuously create innovative products and services is a top priority.

We have **already experienced significant additional expenses around recruitment as a result of the uncertainty created by Brexit**. On a recent project, we were forced to move all of the project work to an outsourcing firm which **raised our budget from £300k to £2 million due to the increased complexity** of bringing in and working with individual contractors from Europe.

Additionally, in conducting a review of all technical evaluation and testing used to evaluate software engineering candidates, it has **become apparent that I will be recommending we reduce our interest in software engineering candidates in the UK**, primarily roles relating to R&D, marketing, and web development. This is **directly a result of the uncertainty surrounding the mobility of UK citizens in Europe** and the increased expense and complexity of relocating candidates in to and out of the UK.

The most detrimental aspect of Brexit for us would be facing new difficulties in sourcing highly-skilled EU workers, it is thus **vital for any future immigration system to make it as simple and easy as possible** to recruit and work with top international talent.



Project Manager International Games Business*

Location:

UK office

San Francisco HQ

Offices throughout US,
Canada, Europe and Asia

Global employees:

1,000+

*anonymised upon request

Cost and time of immigration system

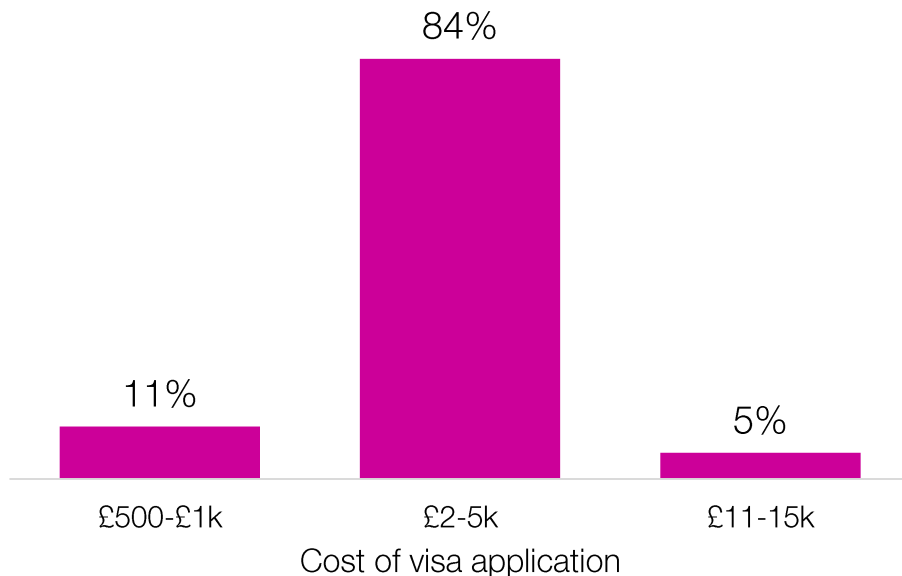


Our current immigration system imposes significant cost and time delays on businesses

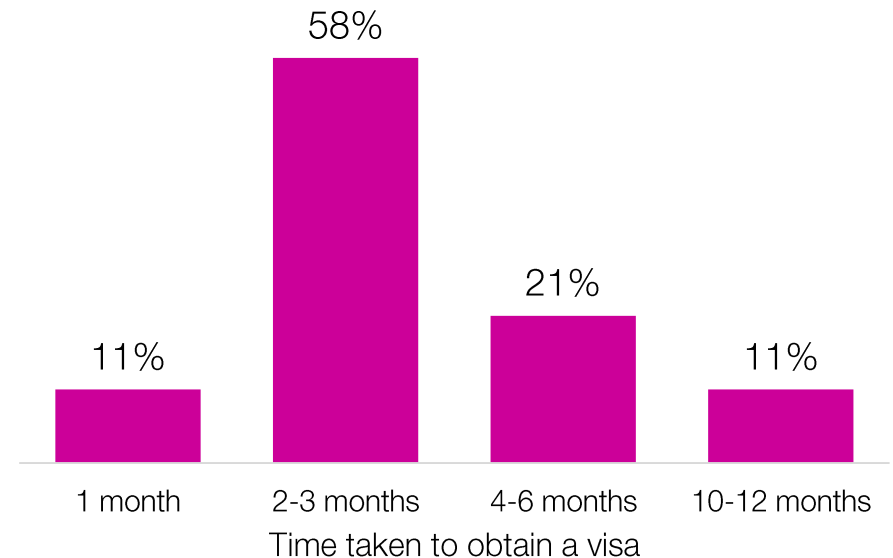
84% of games businesses spent between £2,000 and £5,000 on a single visa application.

86% of applications took several months to complete, with two respondents having to wait between 10 and 12 months to obtain a visa.

% Respondents costs per visa application



% Respondents time to obtain a visa



Case study: Blazing Griffin



The current system is unnecessarily difficult and hinders recruiting of talented individuals



Producer

Blazing Griffin

Independent games, films
and post-production
company

“

As an individual having recently been through the Tier 2 UK Visa process, I can say that the **current system is unnecessarily difficult** and will no doubt be hindering efforts of recruiting talented individuals to the UK.

As a project manager for many years and a graduate with three higher degrees, I'd consider myself well-versed at the art of paperwork. However, the **Tier 2 process was so cumbersome and complicated that I felt the need to hire an immigration lawyer** to help me correctly navigate the many steps for completing the application, and to ensure a smooth transition from my previous visa onto the work visa. To add to the complexity of an already impossible to understand situation, I **can't imagine how much more burdensome the process must be for someone who isn't a native English speaker.**

Any new immigration system must be made more efficient and easy for games businesses of all sizes - as well as possible employees - to access. Otherwise, the **UK risks losing talented, intelligent individuals to other countries** with fewer barriers to entry.

”

Location:

Edinburgh & Glasgow

Employees:

25

Top titles:

The Ship: Remastered

Dino Times

Gentlemen!

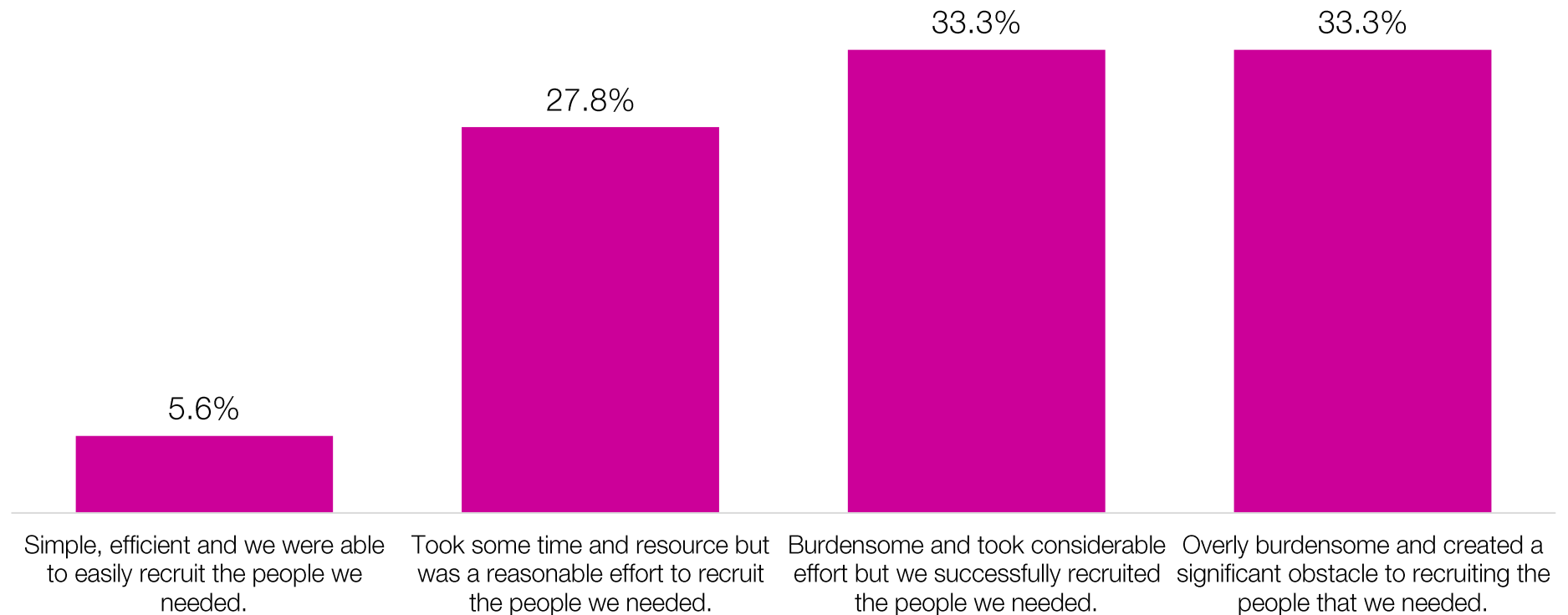
Experience of the immigration system

The biggest problem is the burdensome application process involved in obtaining a visa

67% of games businesses report that the visa application process is burdensome

33% say it was a significant obstacle to hiring the right people.

% Respondents describing the visa application process



Flaws in our immigration system



Games companies describe the current immigration application process negatively

Key phrases used by games companies when describing the current system:



Case study: Space Ape Games



We estimate a cost of well over £100k if we had to get visas for our existing EU staff



The success of the UK's game sector has relied on being able to access global talent - at times, especially in mobile gaming, *there are only a handful of people in the world who have had the experience we need.*

With *20% of our employees coming from the EU*, we're seriously concerned about the uncertainty around their rights to remain and work in the UK. Considering the administrative expenses and time spent obtaining the right to work for our employees from outside the EU, *we estimate that the cost would be well over £100,000 if we had to get similar visas for all of our existing EU staff.* This does not take into account any lost productivity - clearly if there was any requirement for them to apply out of country or similar this would decimate our teams whilst the process played out, which in some cases can take up to six months.

In that case *replacing these staff, permanently or temporarily, could cost six or seven times that number.* This would clearly be a *huge new burden* for businesses, one which *many smaller games companies would be unlikely to be able to bear.*

Of course it's not just existing staff that would cause issues - going forward, the *UK will need a competitive migration system*, that recognises the *need to fill skills shortages*, ensuring we are able to draw from the European and global talent pools, in order to ensure both global competitiveness and drive our success, that in turn will create investment and more jobs here.



SpaceApe™

Location:

London

Employees:

100

Top Titles:

Samurai Siege

Rival Kingdoms

Transformers: Earth Wars

Key opportunity for reform



Leaving the EU presents us with the chance to reform our current immigration system

In very **competitive, innovative global industries**, like games, if UK businesses cannot attract the diverse talent they want and need, some firms are likely to relocate, taking jobs and economic opportunities with them.

The referendum result provides an **unparalleled opportunity for our current immigration system to be reformed** to ensure that games businesses can efficiently access the brightest and best global talent.

It should be more:

accessible
friction free
smart **flexible** data-driven
adaptable
responsive

Areas for potential reform



The immigration system could be improved in a number of key areas

The Tier 5 **visa for temporary workers** should be expanded to recognise the benefits short-term project workers bring to the creative industries, and to consider emerging roles such as those in esports.

The **Immigration Skills Charge** should be dropped due to the significant costs it imposes on small businesses.

accessible
friction free
smart **flexible** data-driven
adaptable
responsive

The Tier 2 **Shortage of Occupation List**, needs to be more flexible and encompassing and the experience requirement (5 years) is unrealistic for roles which have only recently come into existence.

The Tier 2 **Resident Labour Market Test** creates uncertainty for businesses and leads candidates to seek jobs elsewhere. It should not apply to digitally-based industries where this kind of application process is irrelevant.

Markets

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

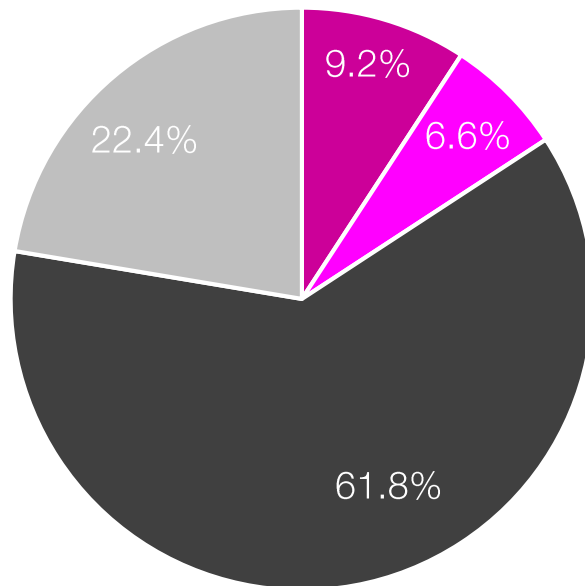


Barriers to trade



Non-tariff barriers present more of a threat to UK games businesses than financial tariffs

% Respondents experiencing non-tariff barriers when selling games from the UK



- Yes, for digital products only
- Yes, for both digital and physical products
- No
- Did not answer

16.4% have experienced non-tariff barriers to trade such as content restrictions and data localisation.

While only 3% have experienced financial trade tariffs.

Case study: GAME



“It is important to us that the UK retains the ease of trade that exists today”



GAME

UK headquartered videogames retail specialist

“

As the leading games retailer in both the UK and Spain we are keen to ensure that the gaming markets in both the UK and Europe continue to thrive. We are aware of, and monitoring closely, potential future changes including the possible impact of imposing tariffs on physical products and it is important to us that the UK retains the ease of trade that exists today.

”

Location:

Basingstoke, Head Office and Distribution Centre
320 stores throughout the UK

Global employees:

1,000+

Maintaining ease of trade



Any future trade deal with the EU should ensure maximum market access

Key takeaways from our **Bristol** roundtable:

Video games remain a physical product with about a third of the market share coming from physical sales. Facing any new financial tariffs or custom checks and duties could lead us to consider manufacturing directly in our target markets rather than the UK. UK-EU trade should be kept tariff free.

As big exporters of digital services we're particularly vulnerable to the introduction of new non-tariff barriers to trade. We want any future trade deal with the EU to ensure that the current ease of trade we have from being part of the single market is maintained.

Online platforms and marketplaces have enabled us small UK games developers to reach huge global audiences and we want our ability to export internationally at the touch of a button secured in any new trade deal.

Bristol

Local companies: 46

Case study: SIEE



“It is vital that we maintain friction free access to all major markets and talent”



Warwick Light
VP & Managing Director
Sony Interactive
Entertainment UK Ltd

“

It is vital that we maintain friction free access to all major markets and talent. We are an international games business with European Headquarters in the UK. The introduction of tariffs or non-tariff barriers could impede the efficient and successful operation of that business.

”



Sony
Interactive
Entertainment

Location:
London, European HQ
California and Tokyo HQs
Offices worldwide

Global employees:
1,000+

Regulatory divergence & influence



We must avoid diverging from key European rules and continue to shape new laws

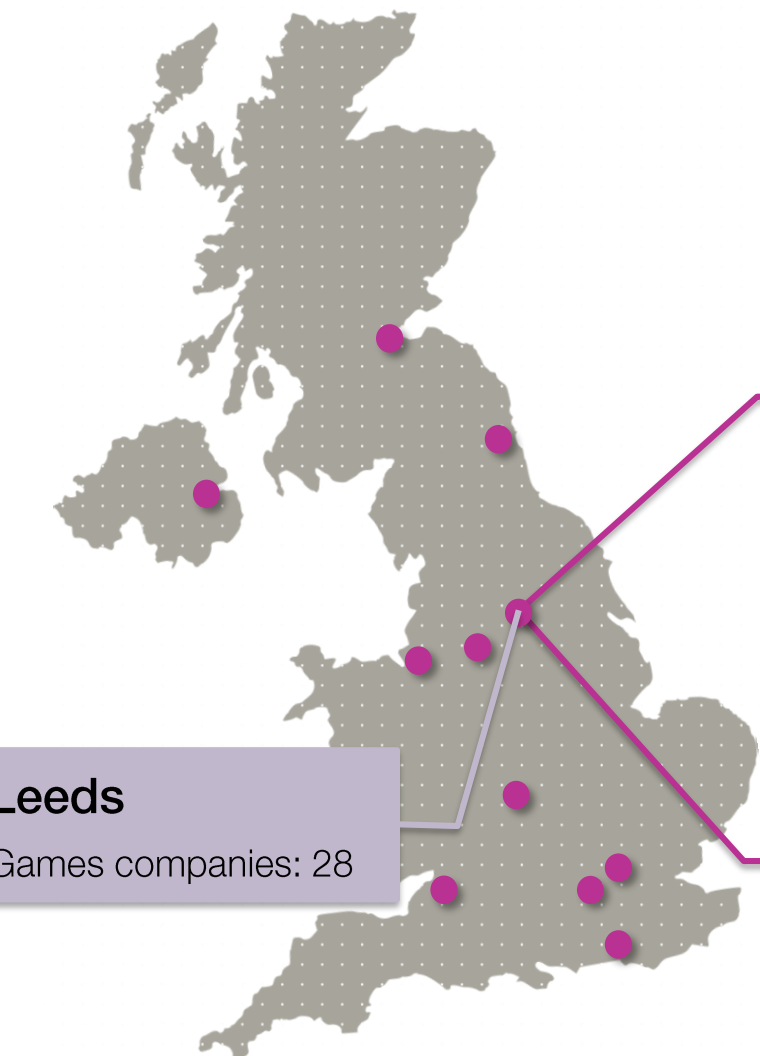
Key takeaways from our **Leeds** roundtable:

Following our departure from the EU we will need to avoid regulatory divergence in key areas like data and consumer protection. A large part of the UK's attractiveness to us was its membership of the single market and only having to abide by one set of harmonised rules to export our goods and services throughout the EU. Minimal departures from existing European rules on digital goods and services would ensure that we do not face new difficulties in selling games to the EU.

As we will continue to trade with the EU and be affected by European regulations, it is crucial that we continue to play a role in the on-going negotiations on important Digital Single Market initiatives, especially those that could impact the way we use data.

Leeds

Games companies: 28



New global partners



Games businesses believe there will be considerable new global opportunities to exploit

Key takeaways from our **Manchester** roundtable:

The UK's legacy in games development is recognised globally and we should look to seizing the opportunity presented by Brexit to take a far larger share of this fast-growing market through trade deals with new international partners.

The UK is a large games market so there are clear incentives for other countries to negotiate a deal with us and over time there will be significant new opportunities with high-growth countries like China and Brazil, which will enable the UK's game industry to deliver even greater value to the UK economy than it currently does

Manchester

Games companies: 88

Data

Maintaining the free flow of data between the UK and EU is absolutely vital for games businesses



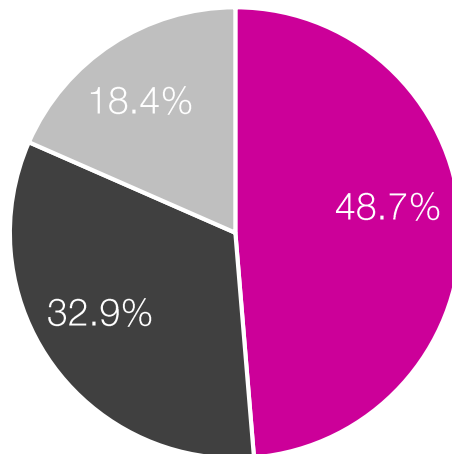
Cross border data flows



59% of games businesses rely on the ability to process data from users outside the UK

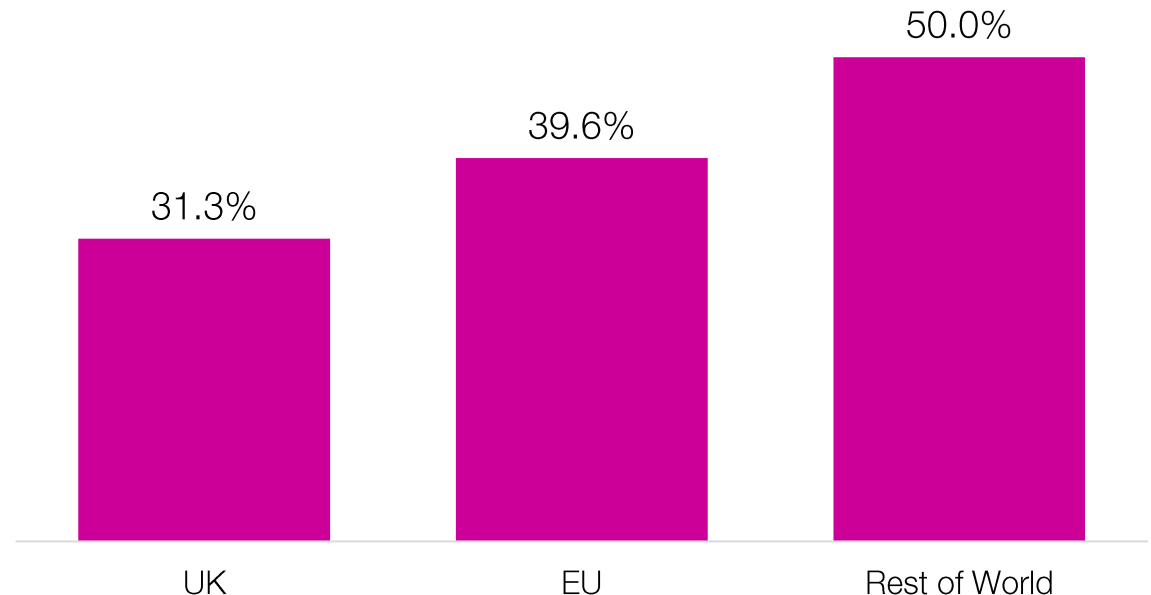
While it is technically feasible to **separate the data** they hold on UK consumers, **63%** games businesses say this **would impose significant costs** and as one business expressed “may lead them to consider **not publishing games in the UK** at all”.

% Respondents processing user data from outside UK



■ Yes ■ No ■ No answer

% Respondents with servers located in region



Maintaining UK-EU data flows



We must maintain a robust legal basis to transfer data between the UK and EU

Key takeaways from our **Edinburgh** roundtable:

The interaction and associated data flows between players, games and gaming 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 on users from around the world and therefore fundamentally rely on the ability to move data across national borders. It is crucial that there is a clear and robust legal basis for us to continue to transfer data between the UK and EU following our departure from the European single market, and this would best be achieved by obtaining an adequacy decision from the EU.



Edinburgh

Local companies: 30

Case study: King



New rules on the use and movement of data will shape the success of our businesses



Rob Miller
Chief Legal Officer and
Corporate Secretary
King

“

Data is vital for games businesses of all sizes. New proposed EU and national laws on the use of data and its movement between countries will shape the success of our businesses at home and abroad. The UK needs to continue to proactively contribute to these developments and help set the international agenda.

”



Location:

London HQ
Studios across Europe
Offices in the US and Asia

Global employees:

1,000+

Top Titles:

Candy Crush Saga
Farm Heroes Super Saga
Candy Crush Soda Saga

Avoiding harmful legal divergences



We should resist diverging from laws which could affect our ability to trade with the EU

Key takeaways from our **Newcastle** roundtable:

As UK developers of a multiplayer game which allows players to connect and play with people from all over the globe, we rely on the ability to legally process the data of EU citizens in order to match them up with UK players. Not being able to transfer data across borders would fundamentally hamper the way our game operates and could mean that UK players would no longer be able to play against EU players.

It is vital that any future changes to data protection laws do not interfere with business' ability to transfer personal data between the UK and EU.

Newcastle

Local companies: 20

Funding

Our departure from the EU is a key opportunity to reform public funding for the UK games industry



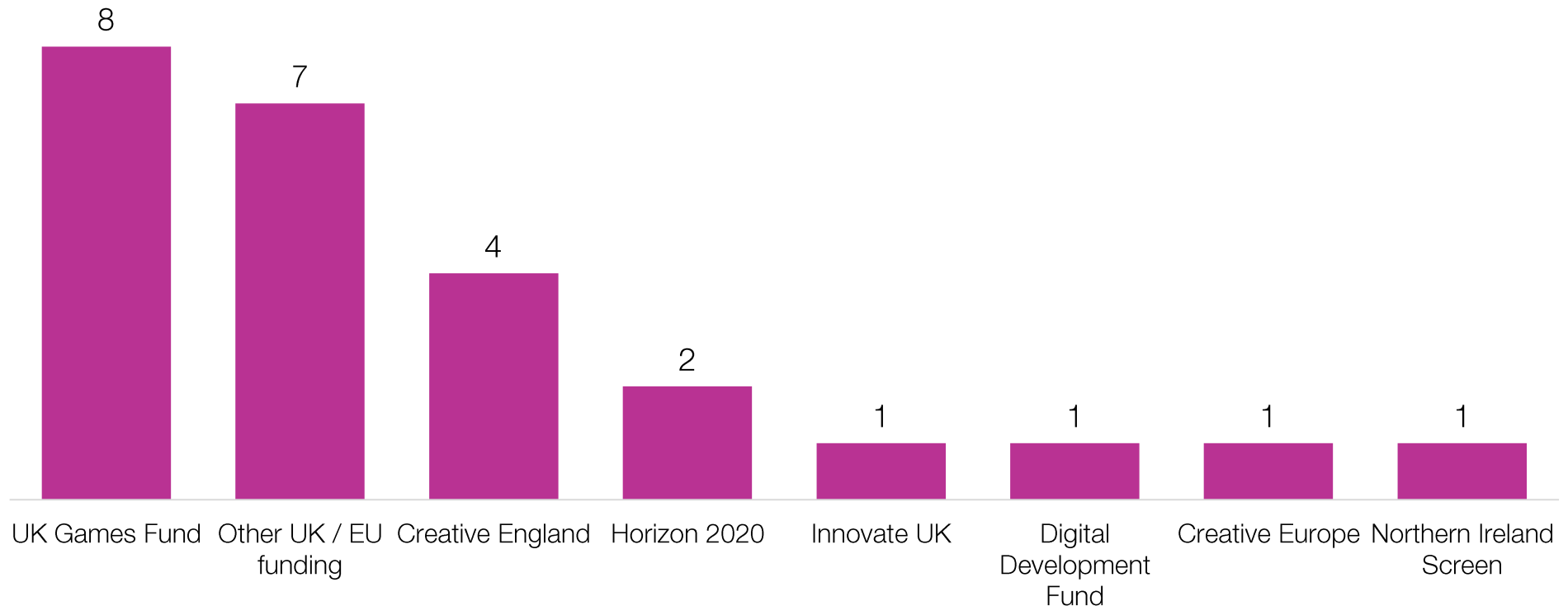
Public funding routes for games



Being able to access UK and EU public funding has been an important source of support

32% of respondent games businesses have accessed UK or EU public funding

Number of games businesses accessing UK or EU funding sources



Securing existing public funding



It is vital that current public funding remains or is replaced with an equivalent UK fund

Key takeaways from our **Liverpool** roundtable:

The UK games sector has been accelerated by the Video Games Tax Relief the benefits of which can be fully unlocked through targeted public funding support.

Many UK games clusters have benefitted from EU funding to build digital infrastructure and multi-million Euro investment in regenerating inner city areas that are now home to games businesses and the wider digital creative sector – this funding should continue.

For example, European funding (£1.5bn of EU structural funds between 1996 – 2020 for the Liverpool City Region) has brought Liverpool into a new era by bringing with it major inward investment, and acting as a springboard for future economic growth. This has significantly benefited the 35 local games businesses.

Liverpool

Local companies: 35

Case study: The Chinese Room



“We cannot emphasise enough how critical early prototyping funds are to the industry”



Dan Pinchbeck
Creative Director and
Studio Head
The Chinese Room

“

We successfully gained funding from Creative Europe and cannot emphasise enough how critical a resource early prototyping funds are to the UK games industry. As we are at risk of losing access to pan-European programmes like Creative Europe with Brexit, we should be doing everything we can to call for continued inclusion in such programmes post-Brexit, or for our government to provide alternative support for our world class media industry.

”



The Chinese Room

Location:

Brighton

Employees:

10+

Top titles:

Everybody's Gone to the Rapture

Dear Esther

Amnesia: A Machine for Pigs

Flaws with current available funding



Existing public funding routes are limited and often haven't been designed for games

Key takeaways from our **Belfast** roundtable:

There aren't enough public funding routes for people who want to develop risky or completely new forms of cultural content through the medium of a game.

Whilst we welcomed being able to apply for the Creative Europe fund, we found the criteria too restrictive, especially the fact that it is only awarded to narrative-led games and that you have to have been previously commercially distributed.

I've managed to access prototype development funding in the past, but there was a huge gap when it came to receiving support for distribution, exporting to new markets and audience development. Funding for a wider array of activities would unlock significant commercial potential in the UK games industry.

Belfast

Local companies: 23

Reforming public funding



Our departure from the EU is seen as a key opportunity for reforming public funding

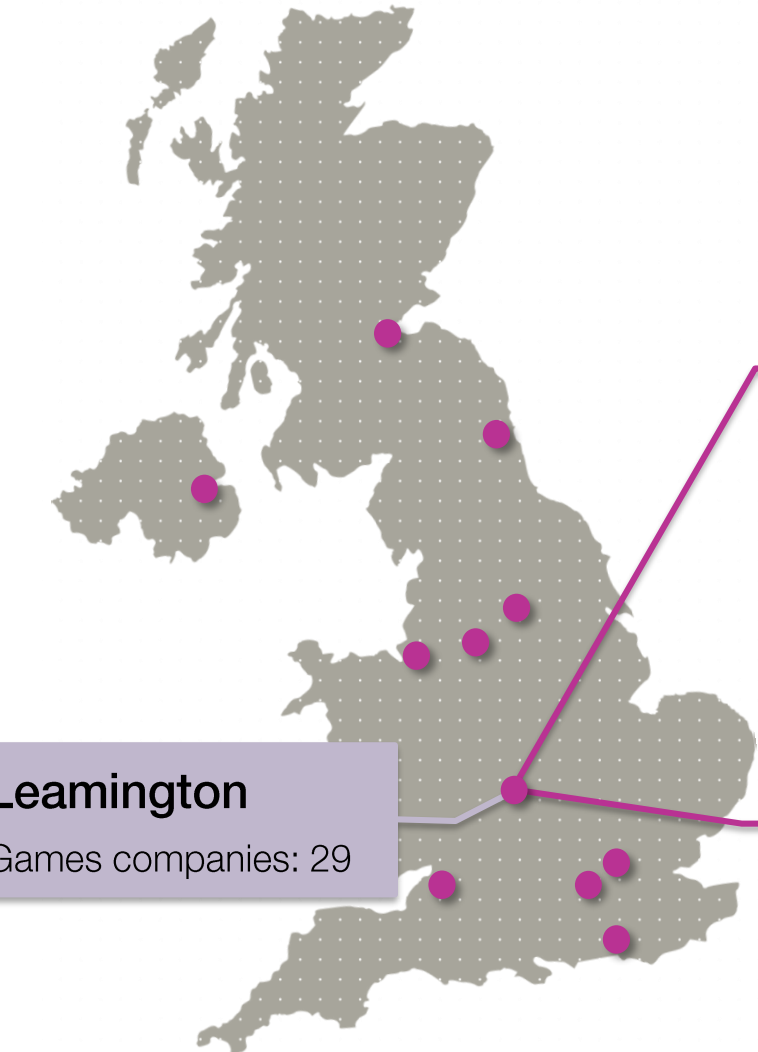
Key takeaways from our **Leamington** roundtable:

Brexit provides us with a clear opportunity to reform public funding for the industry. If we were given access to the same industrial and cultural funds that other creative sectors receive, as well as funding for a similarly broad range of activities including to improve commercial management and access to markets, support cultural development and develop talent we would be able to unlock the full potential of the UK games industry.

We should use our departure from the EU to review existing public funding and consider creating new structures that promote and support games. It's also worth looking into whether there will be opportunities to raise the cap on tax reliefs like the EIS and SEIS if we're free from State Aid rules.

Leamington

Games companies: 29



Case study: Sensible Object



Funding for UK games should be globally ambitious and have a vision of the output



Alex Fleetwood
Founder & CEO
Sensible Object

“

Funding for UK games development should be globally ambitious and have a vision for the result of the funded output. *In our current model: games are funded and then left to compete (usually unsuccessfully) in Steam and the App Store for attention.*

Funding & *support would need to recognise the difficulty of getting attention* on these platforms, the *costs and skill-sets involved*, and find ways of solving this problem with developers. Additionally, the *definition of games has to be sufficiently fluid* to allow for the development of new markets, technologies and interaction models for games.

”



Location:

London

Employees:

10

Top titles:

Beasts of Balance



Final thoughts

Final thoughts

We recognise that our departure from the EU calls for ongoing discussions between Government and industry. We look forward to working with Government as the negotiations develop and we evolve into a new 'Global Britain', where Ukie remains committed to making the UK the best place in the world to make and sell games.

We hope that the findings and analysis from games businesses presented in this report can help inform our long-term approach to shaping policy surrounding our sector, as the next 5 years are a crucial time for games industry growth in the UK. With the right support our already world-class sector can truly become a world-leader, boosting exports, jobs and growth across the country.

Talent

Without the ability to access top international talent, games businesses would be unable to continue to develop innovative products and services. It is vital that businesses maintain the ability to recruit highly-skilled international talent and that Government seizes the opportunity to redefine our immigration laws to position the UK as home to the best technological and creative talent.

We welcome the digital skills initiatives announced in the Government's Digital Strategy, and remain committed in the long-term to growing and strengthening the UK's talent pipeline. A skills review would be particularly beneficial in determining the key areas where policy interventions could effectively target existing skills gaps in the games and wider digital and creative sectors.

Final thoughts

Markets

It is important that games businesses retain the ease of trade they currently enjoy through our membership of the European single market, both in terms of accessing European and other international markets. Our future trading relationships should look to enshrine the existing trade liberalisations the games industry currently enjoys and avoid the creation of any new non-tariff barriers to trade.

In particular, Government should ensure that the UK can continue to benefit from World Trade Organisation agreements like the Information Technology Agreement, the right of UK service companies to establish and provide services in other EU countries should be maintained, and UK-EU trade should remain tariff free.

Data

Modern service based economies are underpinned by cross-border data flows and it is absolutely critical to games businesses, as well as the wider technology and creative industries, that there is a robust legal basis for data to flow seamlessly between the UK and EU. This would best be achieved by obtaining a data adequacy decision from the European Union.

Funding

Our departure from the EU presents us with the opportunity to review existing public funding structures to see further support for the production of games content, skills and international trade activity that will unlock the long-term cultural and commercial potential of the UK games industry. Any review should also consider a post-Referendum assessment of the successful UK initiatives like the SEIS and EIS schemes.



State of Play

The UK games industry's priorities for the EU negotiations

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