

Engagement findings: Inquiry into the video games industry

June 2024

1. Introduction

- 1.** The Senedd's Culture, Communication, Welsh Language, Sport, and International Relations Committee is looking into the health and future potential of the video games industry in Wales. This work will also consider current Welsh Government support for the industry, opportunities for career development within Wales, and the cultural value of games representing Wales and Welsh life.
- 2.** On 2 May 2024, the Committee undertook a visit to the University of South Wales to meet with relevant stakeholders within the industry. This visit included round table discussions, with conversations being loosely structured around the inquiry's terms of reference.
- 3.** The views expressed during the discussions were collected anonymously by Committee officials. This report summarises the key issues from the focus groups.



2. Background

2.1. Current health of the sector - UK wide

Recent figures (published in January 2024) from ERA (the Digital Entertainment and Retail Association) showed that games sales grew by 2.9% in 2023 to £4.7 billion but have doubled in value over the past decade.

Analysis from video-game industry-body TIGA showed that the game development sector's annual contribution to UK Gross Domestic Product increased from £2.9 billion to £3.68 billion between December 2021 and April 2023, an increase of 27 percent.

2.2. Current health of the sector - Wales

Specific in-depth analysis of the video games industry within Wales has been undertaken by Richard Hurford (Senior Lecturer in Perform Games Animation and Music) and Professor Ruth McElroy in April 2022 (Games Survey Wales 2021). Their research highlighted the following:

- The sector is “currently under-developed and less well understood than the film and TV sectors in the Cardiff Capital Region, and Wales more broadly.”
- In 2021, 2.9 percent of UK video games companies were based in Wales.
- The proportion of jobs in video games in Wales lags behind that of jobs in the broader creative industries.

3. Focus group discussion – key findings

This section summarises views that arose during focus group discussion at the engagement event on 2 May 2024.

3.1. The current health of the sector

- When discussing the general health of the sector, participants said this depends on how broad you wished to look. They said gaming principles and engines are being used in a number of fields (such as health and education) and so the sector could be seen as healthy. Some argued that this obscured the conversation around the video game industry specifically.
- Some participants felt that the industry is in a good place, with lots of new start-ups. However, it was noted that the current economic situation makes it hard for small studios to be sustainable.
- There have been few hit games from Wales, which some participants felt was linked to limited investment and infrastructure.
- Globally, the sector has been hit by job losses. The UK has been badly hit by lay-offs; one participant mentioned 9,000 redundancies in the past seven years.
- One contributor noted that job losses have been concentrated at the higher end of the market and that being a sector comprised of small and medium-sized enterprises can be an advantage in Wales and make the industry more resilient.

3.2. Potential for growth

- Rocket Science's supported move to Cardiff and their provision of 50 jobs was raised as a model of good practice. However, one contributor felt that there was a lack of available/suitable talent to fill these roles.
- The potential of attracting companies with upwards of 100 full time staff was raised. This would allow for small companies to 'spin out.' Examples

of this cluster model were referred to in Guildford, Brighton, and Sheffield.

- Other participants noted concerns in looking for the 'hero' model, whereby one large company would hopefully succeed, trickling down to other companies. A positive example of this 'hero' model was cited as Electronic Arts in Vancouver.
- Participants described the difficulties in kickstarting video game companies and that the transition to a substantial company is a difficult one. The need to have a good skills mix, including business skills, was raised.
- This led to a discussion about where relevant graduates come from and what their skill sets are. University course content was raised, with programming knowledge being highlighted as a key, in-demand skill. Creative aspects of courses are often what attract people, but there needs to be a balance with more vocational aspects.
- One participant mentioned a need for transparency about course expectations, in terms of content, workload, and future prospects.
- Higher education courses need an industry focus. Links between industry and academia are important – places like Abertay and Falmouth were cited as exemplars.
- A contributor raised that there is often an issue in bridging the gap between university and work. There are useful financial and mentorship opportunities such as those offered by Games Talent Wales which could be scaled up.
- Participants also noted Wales Interactive as a good model which has potential for future expansion or replication.
- Attracting and keeping talent was raised as a difficult issue. One participant suggested linking with the Welsh diaspora to bring expertise back to Wales. They also emphasised the related issue of marketing, saying 'it's about pushing out' and wider ability to promote the industry.
- One participant commented that this is a fun and attractive industry: 'people are doing what they love.'

- There was some difference of opinion over remote/local working within the sector. One participant felt that people will take pay cuts to work locally, such is the attractiveness of working in the games industry with a physical base near home. Another felt that remote working gives the opportunity to attract and work with global talent and that this is not a major concern.
- A change in mindset of what is achievable was also raised, with one participant stating: 'I still feel like I'm never going to get a job in Wales.'
- One participant mentioned that there is sometimes a 'silo mentality' within the gaming industry in Wales, whereby different parts of the sector are not always great at working collectively.
- Some participants noted that funding restrictions can be challenging, both in private and public sector sources. For example, bridging loans to tide companies over until they have a hit game:

"Every piece of art you are making is a lottery ticket, you just need enough money to buy the next lottery ticket."

"In radio, you are on the plane waiting for the green light. In gaming, you are on the plane, and building the same plane while you are waiting for the green light to take off."

- Although participants mentioned that 50 percent of game players are women, this is not reflected in the workforce. Participants suggested that the industry is not 'women-friendly' and that perceptions need to change to attract more female workers.

3.3. Welsh Government Support

- Participants stated that support offered by Creative Wales is helpful, particularly assistance to attend the Games Developer's Conference (GDC).
- There was some feeling, however, that this support does not go far enough. Events such as GDC are still expensive to attend and require additional contribution from participants.

- Attendance at events, such as GDC, is really important from the perspective of access, developing connections, and bringing in investment: 'GDC gets you onto the global stage.'
- There was a related suggestion that a sliding scale of support would be helpful, with more provision for small scale set ups. Having the same offer for all applicants can be limiting and some participants noted that accessing Creative Wales grants can be difficult for smaller companies.
- Creative Wales's production funding scheme was also discussed as being particularly helpful.
- Other participants felt that Creative Wales does good work but is overwhelmingly geared towards film and television and that there is something of a 'blind spot' when it comes to gaming.
- One participant described gaming as a 'Cinderella service' in Wales: 'where is the Dr Who for games?'
- However, some participants did feel that there has been some degree of shift towards gaming.
- One contributor felt that it would be helpful if Welsh Government were to make attractive offers to worldwide companies to bring studios to Wales. This attracts graduates and provides great employment experience.
- It was raised that these companies would need to care about and invest in the local area, not just in the games themselves.
- Welsh Government business support is not tailored towards games start-ups. It was noted by some that Business Wales support can be restrictive.
- Participants suggested that there was a lack of exposure to and understanding of gaming amongst decision makers in the Welsh Government who develop the funding models. Two battles were mentioned; convincing people that games are not just for kids and convincing people that games make money.
- One participant also voiced concerns about a lack of continuity of care within the Welsh Government:

“...we keep on having to advocate for the industry and we then lose that knowledge as the minister changes.”

- Contributors suggested that the sector needs continuity of civil service support and a ‘games person’ who can provide a continued presence and in-depth knowledge and understanding of gaming within government.
- Available support does not take into account the ‘false starts’ that are often a part of games development. Development cycles are around three years, but government funding may only cover the first six months of that.
- Relatedly, it was noted that Creative Wales will not work on projects that are in development; it is often necessary to have a ‘playable’ game to be able to apply for opportunities. There is a funding ‘chasm in the middle’ of the development journey, where SME’s need support to get worthwhile projects over the finish line.
- One participant suggested that Welsh Government investment in gaming is relatively small when compared to other countries. A contributor cited that the UK Government invests £10 million currently, in contrast to Germany, where the equivalent of £70 million is invested.
- The potential development of a ‘games strategy’ like the Scottish Government was raised.

3.4. Opportunities for career development within Wales

- Contributors raised that they often have to look outside of Wales for sources of funding, looking to initiatives such as the [Tranzfuser from UK Games Fund](#). There was a feeling that the potential support on offer does not go far enough, with initial prize of £7,500 being split between a whole team.
- Other similar UK funding sources include [DunDev](#). Teams from the University of South Wales have attended this residential programme, but again support is limited and often comes with conditions.

- One participant raised that much of the available support is directed towards assisting with the cost of attending events and that more diverse support would be welcome, for example the potential of co-working spaces, with hubs in different parts of Wales.
- Contributors discussed the difficulty in forming connections in Wales and suggested that there was a need to centralise knowledge. A contributor noted that this event was a good forum to network and learn from each other.
- The issue of a widespread skills shortage was raised, children in early years need to be exposed to creative opportunities such as those offered by the gaming industry, this needs to be included in the curriculum. Related point that Education 123, GCSE and A level pathways could be improved.

3.5. The cultural value of games representing Wales and Welsh life

- Participants highlighted concerns over how the funding (for gaming) was structured and a focus on whether a product looks Welsh, arguing that there are more ways to embody Welsh values than producing games with Welsh identifiers in them: 'Welshness is not looking backward.'
- Participants noted the success of games like Maid of Sker. Although gamers are not necessarily buying the game for its Welsh language contents and references, it helped to put Wales on a much larger stage, both commercially and culturally through the reference to Wales.

3.6. Other areas of interest

- Some participants queried how data was gathered on the gaming industry in Wales. It was felt that better data would help inform the skills and talent pipeline required to support the sector. This could help identify who works where (i.e. locally or internationally) as well as ensure there are enough skilled workers ready to enter the industry.

- In addition to data gathering, others asked who was responsible for 'mapping the sector' in Wales. Participants noted that having an understanding of who does what, and where, would go a long way towards strengthening the sector. This would allow for better use of data and provide a platform for networking to support the industry. It was also noted that clarity on who is responsible for coordinating the gaming sector would help.

Annex: List of stakeholders

The following organisations participated in roundtable discussions with Members of the Committee during a visit to the University of South Wales on 2 May 2024.

Organisation
Bird in Sky
Cloth Cat Games
Copa Gaming
Curveball Leisure
Dragon Scale Studios
Good Gate Media
iungo Solutions
Rocket Science
Skyline Studio Games
Space Colony Studios
Stargazy Studios
Sugar Creative Studio
UK Interactive Entertainment
University of South Wales
Wales Interactive
Wrexham University
Wushu Studios