

Jack Sargeant MS

Minister for Culture, Skills and Social Partnership

Welsh Government

04 March 2025

The video games industry

Dear Jack,

As you will be aware, the Committee has undertaken some work examining the health of the video games sector in Wales. This exploratory work has been carried out to assess the current challenges, and opportunities within the industry, and to identify potential areas for policy support and development.

We found that Wales possesses a vibrant video games sector, which we have been excited to see receiving international acclaim. But analysis from the University of South Wales in June 2024 concluded that "The Welsh video games industry is currently underperforming compared with other regions of the UK".

We were concerned that you recently told the Committee you do not share the view of the University of South Wales. A lack of understanding of the current state of the industry may result in it not receiving the necessary support from the Welsh Government to thrive.

To unlock the full potential of the Welsh video games industry, we urge the Welsh Government to develop a detailed and coordinated video gaming development plan, working closely with industry stakeholders. In our view, a clear strategic approach is essential to positioning Wales as a competitive and thriving hub for video game development. This should be accompanied by targeted support to help companies grow within Wales.



During the inquiry, the Committee engaged with key stakeholders, including industry professionals, developers and representatives from academic institutions. Below is a summary of the key opportunities and challenges identified:

Opportunities

1. **Industry Growth Potential** – The video game sector in Wales is growing, with many start-ups and increasing interest in the field.
2. **Attracting Large Companies** – Encouraging major game studios to establish a presence in Wales could create job opportunities and boost the industry.
3. **Education and Talent Development** – Strengthening university-industry links and improving courses to align with industry needs, particularly in programming with business skills.
4. **Investment in Welsh Game Companies** – Expanding financial and mentorship programs like Games Talent Wales to support emerging developers.
5. **Remote and Local Working Benefits** – Flexibility in working models allows talent to stay in Wales while engaging in global projects.
6. **More Government Support** – Welsh Government and Creative Wales initiatives could be refined to provide more targeted funding and business support.
7. **Promoting Welsh Cultural Identity** – Games like *Maid of Sker* demonstrate the potential for Welsh stories and culture to reach a global audience.
8. **Networking and Industry Mapping** – Creating industry hubs to facilitate collaboration and skills-sharing.

Challenges

1. **Lack of Investment and Infrastructure** – Limited funding makes it difficult for small studios to sustain and scale up.
2. **Skills Shortages** – A gap in programming expertise with business skills among graduates, with a need for curriculum improvements.
3. **Retention of Talent** – Many skilled professionals leave Wales due to better job prospects elsewhere.
4. **Limited Industry Understanding** – Decision-makers responsible for funding models may not fully understand the unique development cycles, financial risks, economic potential and cultural value of gaming, which is often overlooked compared to the film and TV industry.

5. **Funding Gaps in Development Cycle** – A lack of financial support for projects in mid-development stages hinders game development completion.
6. **Diversity Issues** – Women are underrepresented in the industry, and efforts to make the sector more inclusive are needed.
7. **Fragmentation in the Industry** – Geographical fragmentation among Welsh gaming companies limits collaboration and growth.

Our review of the video games industry in Wales highlights both significant opportunities and challenges. We believe that addressing these opportunities and challenges could help establish Wales as an important creative centre for the video games industry.

While the sector has seen positive growth in the number of companies since 2021, workforce statistics indicate a concerning trend with a shrinking development workforce and a high risk of business closures within the first five years of operation. Additionally, the global games industry is currently in a period of turmoil, with a significant number of layoffs in 2023 and 2024, adding further uncertainty to the sector's stability.

We were encouraged when you told us recently about your ambition for growth in the sector and recognition of gaming as a powerful sub-sector of Wales's digital economy. The launch by Creative Wales of the Games Scale Up Fund for Wales in October 2024, is a welcome development addressing a key funding gap in the development cycle identified to us by sector representatives during our inquiry. We look forward to seeing how this initiative helps developers scale their businesses and contribute to the broader creative economy in Wales. We also acknowledge the success stories within Wales, which highlight a strong talent pool and innovative studios making significant contributions, particularly in promoting Welsh culture and language.

However, despite the ambition and recognition of the sector's potential, we are concerned by the lack of a comprehensive plan to drive sustainable growth. Wales still lags behind other UK nations in terms of formal strategic support, as evidenced by the Scottish Government's backing of a National Games Strategy and the UK Government's Video Games Research Framework to better understand the industry. Furthermore, we believe that current interventions may not fully address key challenges, particularly in funding accessibility, workforce development, and infrastructure investment.

Additionally, we seek clarification on the following points:

- What assessment has the Welsh Government made of the changing dynamics in the gaming industry following the reported mass job losses in recent years?
- How can Wales benefit from these changes?
- How is Welsh Government support being targeted to achieve this?

We look forward to your response and to continuing discussions on how best to support and grow the video games industry in Wales.

Yours sincerely,



Delyth Jewell MS
Committee Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English



Senedd Cymru
Welsh Parliament