LIFE

George Osborne's tax credits for video games producers may not be enough for Manchester firms

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By Nicholas Watmough

The video games industry is a global, fiercely competitive, and incredibly lucrative one.

While the international mainstream film industry and major music corporations have been suffering vocally in recent years, perhaps in part due to the rise in online illegal downloads and piracy – though this is a topic under huge amounts of scrutiny in itself – the gaming world remains buoyed by loyal fans and massive sales.

Record breaking titles like *Call of Duty: Black Ops,* which shifted a whopping 12 million units for the Xbox 360, and the controversy baiting *Grand Theft Auto* series, which has sold millions and millions of copies with each installment across a number of platforms, mean that globally, the games industry is braving the economic storm.

And, while Hollywood boasts the stars of the big screen and the big stages, it is the UK that plays host to some of these video gaming successes. Rockstar North, operating out of Edinburgh, are the creative masterminds behind the *Grand Theft Auto* games.

However, there are reports in many areas of programmers and game designers jumping ship, to take advantage of tax breaks abroad: France, Canada and China offer large incentives – with around 20% in France, and up to 40% tax relief given in areas of Canada – spurring a worrying exodus of British talent.

So, when George Osborne announced in his 2012 budget speech that the government was "committed to providing tax credits for the video games, animation and high-end television industries", it was celebrated by many as a sign that the UK could retain its position as a global gaming powerhouse.

"By making this announcement, the government has recognised that games are culturally as important as films – that is huge, that's an awesome achievement," said Richard Wilson, chief executive of developers trade body Tiga, who have led a lengthy campaign to win tax credits for the industry.

Yet in Manchester, and in every city across the UK, there are hard-working teams of independent games developers, who are worried that the government's actions are not enough, and in some cases might even be harmful to the little guys.

"Go to any coffee shop in the Northern Quarter and you'll find people coding on freelance projects and start-up ideas," claims Sean Handley, who works with HackManchester, an organisation who gather computer programmers from around the North West to share creative ideas.

"It seems to me that technology is still flourishing in the UK with or without government support," he says. "But we find in Manchester that many of the talented developers and promising companies end up being sucked away to London because that's where the money is."

The concern seems to be that the tax breaks will simply encourage global video games giants to set up camp in the UK, to take advantage of our cheaper labour, only to fuel profits and ideas for American brands: an even bigger "sucking up" of indie talent reaction, developers with few other options.

Ken Lau, head of games at Futureworks School of Media, Manchester, shares this fear: "The governments commitments are a fantastic first step, but the tax breaks could attract all the cream of the talented individuals who may be working in small independent studios to larger developers.

"Personally speaking, I would like the government to offer grants to graduate start-up developers to make sure that there is diversity in the sector as a whole."

Ken's proposed level of focus, providing support at the lowest, smallest businesses – or businesses which do not yet exist, lending a helping hand to savvy start-ups – could mean that the large numbers of students enrolled in programming and video game design courses at British universities will have a wider variety of secure,viable career options upon graduation.

The University of Manchester, Manchester Metropolitan University, and Salford University all offer full degrees in programming, with numbers of enrolled students rising every year. With fees now at £9,000 per year, will the only option for graduates be to move to London, or worse, board a plane to Canada?

Hopefully, no, says Umran Ali, director of creative media at the University of Salford: "Support needs to go wider than a simple financial incentive into all aspects of the industry," he says.

"We need better education support, from primary level all the way up to University level, as well as other measures to support new talent and indie developers. This will really determine if the government plans are merely a weak gesture, or a serious attempt to boost one of the largest media industries in the UK."

Stephen Morris, technical director at Manchester-based Greenfly Studios, feels confident that students and budding developers will benefit from, rather than be hurt by the tax breaks, and that this could see a return to the UK heyday of successful bedroom developers; they just need to think outside of the box.

"Provided they work hard and persevere within the ever-growing indie-developer movement, people can build their own brand immediately, creating games for iOS devices, PC and Mac. It doesn't have to be consoles," he says.

"With the effects of the recession hitting everyone, people are looking for cheaper sources of entertainment, making mobile apps an ideal solution."

Perhaps, then, the only problems that will beset the future cream of Manchester and UK video game talent will be problems of creativity, originality, and utilising the market and technological advancements to their advantage. The government's incentives will make it cheaper to make games, for everyone, but it remains to be seen how the unsung heroes of British development will react.