# Surge in AI businesses across the UK signals a new industrial revolution



The landscape of artificial intelligence (AI) businesses in the UK has seen a notable surge, with companies dedicated to AI innovations reaching an unprecedented high in the final quarter of 2024. According to data from UKTN, over 500 new AI firms were established between October and December 2024, marking a significant 22% increase from the previous quarter and a 21% rise compared to the same period in the prior year. This resurgence follows a momentary slowdown in the development of new enterprises in the preceding quarters.

The data indicates a substantial concentration of AI businesses in Greater London, where nearly half of the new registrations occurred. Despite this, there are emerging trends suggesting a notable proliferation of AI companies in regions outside the capital. Throughout 2024, London witnessed a 32% increase in AI firm registrations compared to 2023; however, regions beyond London outpaced this growth with a remarkable 42% increase, highlighting a nationwide expansion of AI innovation.

Scotland led the charge with the most significant growth rate, experiencing an impressive 80% rise in new AI firms, which brought the total to 60 registrations. The South West followed closely, with nearly 80 new registrations, totalling 75, while the West Midlands reported an increase of over 40%, crossing the threshold of 100 registrations.

In terms of specific cities, Birmingham and Manchester shared the top spot, each registering 67 new AI companies, with Reading following at 53, Glasgow with 43, and Cambridge with 42.

Martin Ward, the former West Midlands Tech Commissioner, commented on the region's success, stating, “The West Midlands boasts one of the most vibrant and fastest growing tech sectors in the UK, a fitting testament to our young and diverse population, numerous excellent higher education institutions and cultural heritage of powering innovation.” He also noted the role of AI in fostering “a new industrial revolution in productivity and competitiveness” with significant societal impact. He highlighted the growing AI cluster in the West Midlands, which now comprises over 300 specialist AI firms employing over 11,000 individuals.

Russ Shaw CBE, founder of Tech London Advocates and Global Tech Advocates, echoed similar sentiments regarding the importance of AI to the UK’s tech ecosystem and its prospective contributions to the national economy. In his remarks to UKTN, Shaw remarked on the continuous evolution of artificial intelligence, emphasising the shift from generative AI to the more recent developments in agentic AI. “The UK has a very good track record — it’s fairly straightforward to set up companies here and I’m heartened to hear about growth beyond London,” he noted. He described this expansion as a “real vote of confidence” in the idea that the tech sector is diversifying and developing across various parts of the country.

In total, since the beginning of 2023, roughly 3,300 entities classified as ‘AI’ have been registered with Companies House, with just over half located in London. However, it is worth noting that UKTN has not independently verified the legitimacy of these businesses as genuine AI companies.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.techuk.org/resource/tech-nation-s-2024-report-gives-the-spotlight-exploring-uk-tech-in-the-age-of-ai.html> - This link supports the information on the UK tech sector's growth, investment trends, and the significant role of AI, including the number of AI startups and unicorns in the UK.
2. <https://www.gov.uk/government/publications/artificial-intelligence-sector-study-2023/artificial-intelligence-sector-study-2023> - This link provides data on the size and scale of the UK’s AI sector, including the number of AI companies, revenues, employment, and GVA, as well as regional distribution.
3. <https://www.gov.uk/government/publications/artificial-intelligence-sector-study-2023/artificial-intelligence-sector-study-2023> - This link corroborates the growth in AI-related revenues, employment, and GVA, and the concentration of AI businesses in regions like London, the South East, and the East of England.
4. <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/businessinsightsandimpactontheukeconomy/3october2024/pdf> - This link supports the data on the increasing use of AI technologies by businesses in the UK, including the percentage of businesses using AI and the growth trends across different business sizes.
5. <https://www.techuk.org/resource/tech-nation-s-2024-report-gives-the-spotlight-exploring-uk-tech-in-the-age-of-ai.html> - This link highlights the UK's leadership in AI investment and the strategies outlined to enhance the sector's competitiveness and innovation capabilities.
6. <https://www.gov.uk/government/publications/artificial-intelligence-sector-study-2023/artificial-intelligence-sector-study-2023> - This link details the profile of AI activity in the UK, including the number of new AI company registrations and the growth in AI-related employment and GVA.
7. <https://www.techuk.org/resource/tech-nation-s-2024-report-gives-the-spotlight-exploring-uk-tech-in-the-age-of-ai.html> - This link discusses the diversity of sectors in which AI companies operate and the impact of AI on various industries such as health, security, media, fintech, and transportation.
8. <https://www.gov.uk/government/publications/artificial-intelligence-sector-study-2023/artificial-intelligence-sector-study-2023> - This link provides insights into the size profile of UK AI companies, including the proportion of micro, small, medium, and large businesses in the sector.
9. <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/businessinsightsandimpactontheukeconomy/3october2024/pdf> - This link supports the trend of increasing AI adoption across different regions and business sizes in the UK.
10. <https://www.techuk.org/resource/tech-nation-s-2024-report-gives-the-spotlight-exploring-uk-tech-in-the-age-of-ai.html> - This link emphasizes the importance of targeted funding and support for scaling AI businesses and driving technological advancements in the UK.
11. <https://www.gov.uk/government/publications/artificial-intelligence-sector-study-2023/artificial-intelligence-sector-study-2023> - This link highlights the role of large technology firms and the UK’s reputation for high-quality scientific research and innovation in the AI sector.
12. <https://www.uktech.news/ai/ai-startup-creation-rose-to-fresh-highs-in-q4-as-regions-outside-london-catch-up-20250103> - Please view link - unable to able to access data