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Insights Paper

Harnessing the growth potential of createch

Insights from the evidence base and areas for future research

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ForesightLAB

About Creative PEC

The Creative Industries Policy and Evidence Centre (Creative PEC) supports the growth of the UK's creative industries through the provision of authoritative research and policy advice. Funded by the Arts and Humanities Research Council, and hosted by Newcastle University with the Royal Society of Arts, Creative PEC works with policymakers and industry to enable a thriving sector that plays a central role in generating growth and innovation. Our research is led by consortium partners at Newcastle University, the University of Sheffield, the University of Sussex, and Work Advance. For more details visit www.pec.ac.uk or our social channels on Bluesky and LinkedIn.

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Introduction

Between November 2025 and January 2026, the Arts and Humanities Research Council (AHRC) and the Department for Culture, Media and Sport (DCMS) hosted a rapid evidence review and industry engagement exercise to inform the development of policies aimed at maximising the growth of 'createch' in the UK. The project was delivered to fulfil a commitment made in the DCMS Creative Industries Sector Plan with a view to help inform ongoing Sector Plan delivery and the UK Research and Innovation R&D strategy for the creative and cultural economy.

The research and engagement activities were delivered by the Creative PEC and CoSTAR Foresight Lab. As a part of this, Creative PEC produced a background rapid evidence review for participants in two closed workshops with industry and academic experts. This evidence review was accompanied by a further briefing note from the CoSTAR Foresight Lab.

The final policy recommendations report from this project has been published by UKRI and can be downloaded from their website here.

Below, the review summarises existing evidence on the present opportunities and challenges in creative technology and includes policy implications and suggested areas for future research. It covers R&D and innovation support, access to finance and scale-up challenges, place and creative clusters, skills and training provisions, as well as measuring and assessing createch.

1. Executive summary

With the creative industries as one of the eight priority growth sectors in the UK Government's Industrial Strategy[1], policy discussion on how to harness national growth and innovation opportunities across the creative sector has increased. In June 2025, DCMS published a Creative Industries Sector Plan which foregrounded the role of the creative sector in driving R&D, exports, and place-based growth across the regions of the UK. It specifically recognises createch as an economic driver working across sub-sectors including advertising, film, TV, music, publishing, and design[2].

The roundtable seeks to further understand how createch can drive growth and identify where gaps in knowledge and evidence need to be addressed. This briefing note summarises the evidence base as it relates to the growth potential of createch and responds to commitments in the Sector Plan to identify priorities for new research on createch, which can be built on at the roundtable.

The Sector Plan characterises createch as firms that combine 'creative innovation and cutting-edge technology to generate novel products, services and experiences'[3], but there currently remains no official definition or singular approach to measuring createch. So, this briefing note draws upon multiple sources and definitions to identify relevant datapoints and insights.

Despite there being no formal definition, it is widely agreed that createch firms are seen as having high economic and social potential and share characteristics with wider tech firms including employment, turnover, and growth trajectories[4] [5]. In a forthcoming new research report from the Creative PEC in collaboration with Beauhurst, we further show that createch businesses account for the lion's share of high-growth potential firms in the UK's creative industries, a point which, we also show, has not been lost on equity investors[6]. In other Creative PEC research, we have shown that createch firms are also R&D-intensive, making them engines of creative and technological innovation[7] [8] [9].

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[1] Department for Business and Trade (2024) *Invest 2035: the UK's modern industrial strategy*. Available at: https://www.gov.uk/government/consultations/invest-2035-the-uks-modern-industrial-strategy/invest-2035-the-uks-modern-industrial-strategy

[2] DCMS (2025) *Creative Industries Sector Plan*. Available at: https://www.gov.uk/government/publications/creative-industries-sector-plan

[3] ibid.

[4] Siepel et al. (2022) *Understanding createch R&D*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/understanding-createch-r-d/

[5] TechNation (2021) *The CreaTech Report 2021: Mapping the intersection of technology and creativity*. Available at: https://mooreks.co.uk/insights/the-createch-report-2021-venture-capital-firms-back-uk-as-global-createch-hub/

[6] Bakhshi et. al. (forthcoming) *High-Growth Potential Firms in the Creative Industries*. Creative PEC and Beauhurst.

[7] Mateos-Garcia, J. (2021) Mapping the R&D landscape for creative technologies. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/policy_briefing_entr/mapping-the-r-d-landscape-for-creative-technologies/

[8] Mateos-Garcia, J. (2021) *An analysis of Createch R&D business activity in the UK. Creative Industries Policy and Evidence Centre*. Available at: https://pec.ac.uk/wp-content/uploads/2024/01/PEC-An-analysis-of-Createch-RD-business-activity-in-the-UK-v3-1.pdf

[9] Siepel et al. (2022) *Understanding createch R&D*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/understanding-createch-r-d/

The potential of createch builds on broader policy interest over the last decade. For instance, DSIT has identified innovation clusters across the UK, with createch sectors like 'Digital Creative Industries', 'Gaming' and 'Immersive Technologies' included in the mapping [10]. Interventions targeting the creative sector include Innovate UK's Creative Catalyst (2022)[11] and Create Growth (2022)[12] programmes, which invested over £50 million into innovation support across the UK. The Arts and Humanities Research Council (AHRC)'s £75.6mil investment into the CoSTAR R&D Network for Creative Technology (2022) builds on the legacy of the £56mil Creative Industries Cluster Programme (CICP, 2018), developing a national R&D network of laboratories for new technology[13]. The AHRC's current £11m investment in the Creative PEC itself should also be seen as an R&D investment, not least given that quantitative economic analysis of R&D and innovation more generally is a top research priority.

This note covers several key themes for createch and highlights the following:

- **R&D and innovation support for createch firms:** Createch firms undertake R&D differently to broader tech firms, requiring access to networks and infrastructure offered by research partners such as universities.
- **Access to finance and scale-up challenges for createch:** Current financial models often do not account for IP and intangible assets. This creates barriers for createch firms, who also face difficulty attracting late-stage funding.
- **Place-based interventions and infrastructure for createch clusters:** Place-based approaches have successfully unlocked createch potential, with devolution opening opportunities to strengthen local innovation ecosystems. As createch intersects with other sectors, this could provide growth for creative industries and other sectors.
- **Access to creative-technical skills and training provision:** Creative and technical skills need to be prioritised at all levels, expanding skills development pathways and lifelong learning opportunities aligned with emerging technologies.
- **Robust definitions and metrics to improve the assessment of createch:** As a multi-sector activity, createch defies a single sectoral definition. There is a need for an agreed monitoring and evaluation approach to inform future policy.

[10] DSIT (2025) *Innovation Clusters Map*. Available at: https://www.innovationclusters.dsit.gov.uk/
[11] Innovate UK (no date) *Creative Catalyst*. Available at: https://iuk-business-connect.org.uk/programme/creative-catalyst/
[12] Innovate UK (no date) *Create Growth Programme*. Available at: https://iuk-business-connect.org.uk/programme/create-growth/
[13] UKRI (no date) *Convergent screen technologies and performance in realtime* (CoSTAR). Available at: https://www.ukri.org/councils/ahrc/remit-programmes-and-priorities/convergent-screen-technologies-and-performance-in-realtime-costar/

2. R&D and innovation support

R&D is central to createch, as these firms invest a lot into innovation involving new and/or existing technologies adapted in novel ways. Earlier this year, Enterprise Research Centre analysed UK Innovation Survey data, which showed that the IT, software & computer services subsector (i.e. createch adjacent) were the most innovation-active among the creative industries[14]. Future R&D and innovation interventions must be tailored for the specific needs of createch firms, as they have distinct innovation practices.

A survey-based Creative PEC study previously identified createch firms as those where the development or adoption of technologies is significant to their business and those which are not working exclusively in the IT/software sub-sectors – a definition which was adopted by the House of Lords Communications and Digital Select Committee inquiry into scaling up AI and creative tech firms[15] [16]. The study found that, when compared with other tech firms, createch firms are less likely to rely on specialised R&D departments or to annually budget for R&D activities.

Createch R&D roles are more likely to be undertaken by individuals without R&D specified in their job titles, and createch firms are more likely to invest in staff and contractor time for R&D rather than physical goods/equipment. They also employ more freelancers for R&D than tech firms, and are more likely to apply Arts, Humanities and Social Science disciplines and undertake interdisciplinary R&D.

To undertake such innovation, createch firms require access to specialist R&D infrastructure. Oftentimes, this includes close working relationships with research partners like Higher Education Institutions (HEIs), which provide access to research facilities and networks where interdisciplinary knowledge can be exchanged, and prototypes can be tested[17]. By exchanging industry and academic expertise and sharing critical research infrastructure, createch firms and HEIs can pilot advanced digital technologies which may lead to commercialisation opportunities. UKRI has made significant public investment into such partnerships, including the AHRC's Creative Industries Clusters programme (CICP), the first wave of which delivered nine clusters of

[14] Nana-Cheraa and Roper (2025) *What can we learn about the innovation performance of the Creative Industries from the UK Innovation Survey?* Creative Industries Policy and Evidence Centre. Available at: https://assets.publishing.service.gov.uk/media/685943ddb328f1ba50f3cf15/industrial_strategy_creative_industries_sector_plan.pdf

[15] Siepel et al. (2022) *Understanding createch R&D*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/understanding-createch-r-d/

[16] UK Parliament (2024) *Scaling up – AI and creative tech*. Communications and Digital Committee. Available at: https://committees.parliament.uk/work/8502/scaling-up-ai-and-creative-tech/

[17] Easton et al. (2025) CreaTech How the fusion of emerging technologies and the Creative Industries can transform the UK's approach to skills, innovation and business. Royal Anniversary Trust. Available at: https://royalanniversarytrust.org.uk/wp-content/uploads/2025/02/CreaTech-Report.pdf

creative firms and universities. The £56m programme leveraged £277m of public and private co-investment and led to 466 spinouts, start-ups, and scale ups[18] [19].

Despite createch firms investing in similar levels of R&D as tech firms in other industries[20], the overall level of public investment into creative R&D does not reflect the sector's economic contribution [21]. **Policymakers will need to substantially increase public investment in creative R&D to achieve the growth objectives laid out in the Sector Plan and Industrial Strategy.** With the second round of the AHRC Creative Clusters announced, interventions should focus on untapped investment into createch R&D, providing complementary assets (e.g. infrastructure, networks) needed to achieve greater innovation and commercialisation. There is also an important opportunity to collect longitudinal evidence on the longer-term impacts of such investment [22].

[18] UKRI (2024) *Creative Industries Clusters: A new wave*. Available at: https://www.ukri.org/blog/creative-industries-clusters-a-new-wave/
[19] Chitty, A. (2022) *How Research and Innovation can help level-up the creative industries*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/blog_entries/research-and-innovation-level-up-the-industry/
[20] Siepel et al. (2022) *Understanding createch R&D*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/understanding-createch-r-d/
[21] Creative PEC (Forthcoming) Analysis of Public R&D Investment and Fame.
[22] Frontier Economics and BOP Consulting (2024) *EVALUATION OF THE CREATIVE INDUSTRIES CLUSTERS PROGRAMME FINAL REPORT TO AHRC AND UKRI*. Available at: www.ukri.org/wp-content/uploads/2024/07/AHRC-01072024-FRONTIER-BOP-CICP-CRDP-final-evaluation-report-STC2-20240524.pdf

3. Access to finance and scale up challenges

Forthcoming research from the Creative PEC finds that createch firms are disproportionately more likely to have high-growth potential (i.e. rapid growth and scale-up) and have attracted equity financing[23] nonetheless can face barriers to accessing finance. There is also evidence that suggests that innovative creative firms are more likely than creative firms in general to view finance as a barrier due to issues around IP[24]. Other research also establishes that access to finance as a barrier to R&D is not unique to createch firms, but a challenge for firms using technology more generally[25].

Creative businesses – particularly small firms - can be discouraged to apply for finance due to the belief that investors do not understand their business[26]. In their recent report for DCMS and the Royal Anniversary Trust, Erskine Analysis also document a sharp fall-off in follow-on investment in their sample of 565 'createch innovator firms' who have previously secured seed funding: 27% go on to secure Series A funding and only 1.8% progress to Series B. This compares with 7.4% of seed-funded firms from the wider tech sector going on to secure Series B funding[27].

This evidence of barriers to finance in createch firms is consistent with evidence for the wider creative industries on access to finance: in 2018, a UK survey by the Creative Industries Council found that 72% of creative businesses reported inadequate financing and 62% believed their growth was restricted by a lack of funding[28]. In a follow-up 2024 survey, the Creative PEC and Creative UK collected data on access to finance from a survey of 896 creative firms. When compared with an equivalent sample of organisations in the whole of the UK economy using an identical question from the BVA-BDRC SME Finance Monitor survey[29], creative industries organisations were over four times more likely to say that accessing the right finance to fund their growth was a barrier for their businesses[30]. Creative UK and BFI also analysed the new Creative PEC-Creative UK survey data from 2024 to specifically look at screen-based firms. This found

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[23] Bakhshi et. al. (forthcoming) High-Growth Potential Firms in the Creative Industries. Creative PEC and Beauhurst.
[24] Di Novo et al (2022) Starving the Golden Goose? Access to Finance for Innovators in the Creative Industries. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/wp-content/uploads/2023/12/Access_to_finance_for_innovators___PEC_DP.pdf
[25] Siepel et al. (2022) *Understanding createch R&D*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/understanding-createch-r-d/
[26] Siepel et al. (2024) *Growth Finance in the Creative Industries*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/state_of_the_nation/growth-finance-for-the-creative-industries/
[27] Easton et al. (2025) CreaTech How the fusion of emerging technologies and the Creative Industries can transform the UK's approach to skills, innovation and business. Royal Anniversary Trust. Available at: https://royalanniversarytrust.org.uk/wp-content/uploads/2025/02/CreaTech-Report.pdf
[28] Creative Industries Council (2018) *Access to Finance*. https://cic-media.s3.eu-west-2.amazonaws.com/media/471225/cic-access-to-finance-research-report-june-2018.pdf
[29] BVA-BDRC (no date) *SME Finance Monitor*. Available at: https://www.bva-bdrc.com/sme-finance-monitor/
[30] Bakhshi et al. (2025) *Unleashing Creativity: Fixing the finance gap in the creative industries*. Available at: https://unleash.wearecreative.uk/

that 74% actively use some form of external finance, but 83% report unmet finance demand and 77% feel underfunded[31].

Despite creative firms – the vast majority of which were in IT, software and computer services – securing over £23 billion in equity investment from over 13,000 deals between 2013 and 2023, many still struggle to access funding[32]. The estimated unmet equity gap in the UK creative industries alone stands at around £3.1 billion in 2023, underscoring that the equity gap remains large in aggregate suggesting that there is a particularly large gap in late-stage funding for firms[33].

This risks high-growth potential UK Creative Industries firms going overseas to meet their finance needs (a concomitant of the UK's strong performance in the inward FDI country league tables, which is particularly concentrated within the IT, Software and Computer Services subsector[34]), which may lead to a leakage of intellectual property and skilled workers from the domestic creative market. **Addressing these finance challenges will require new forms of innovation finance specifically suited to the creative industries, including publicly funded models which could be led or supported by DCMS and the British Business Bank** [35] [36].

[31] Tarr et al. (2025) *Lights, Camera, Capital: Access to Finance for Screen-Based Storytelling Businesses*. Creative UK. Available at: https://creativeenterprise.wearecreative.uk/lights-camera-capital-report
[32] Wilson, N. (2025) *The Equity Gap in Britain's Creative Industries*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/blog_entries/bridging-the-imagination-deficit/
[33] Wilson, N. (2025) *Bridging the Imagination Deficit*. Creative Industries Policy and Evidence Centre. https://pec.ac.uk/blog_entries/bridging-the-imagination-deficit/
[34] Jones et al. (2024) *Foreign Direct Investment in the UK's Creative Industries. Creative Industries Policy and Evidence Centre*. Available at: https://pec.ac.uk/state_of_the_nation/foreign-direct-investment-in-the-uks-creative-industries/
[35] Creative PEC (2024) *Scaling Up: AI and Creative Tech Submission for the Communications and Digital Committee*. Available at: https://pec.ac.uk/wp-content/uploads/2025/08/Creative-PEC-Response-Scaling-Up-AI-and-Creative-Tech.pdf
[36] Siepel et al. (2024) *Growth Finance in the Creative Industries*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/state_of_the_nation/growth-finance-for-the-creative-industries/

4. Createch, place and creative clusters

Ensuring a more even distribution of growth capital for innovative creative businesses outside London and the South East remains critical to realising the growth potential of createch across the nation[37][38]. Creative PEC analysis of createch company data on CrunchBase found that, when compared to the clustering of private createch businesses, publicly funded createch-related research activities are more evenly spread across the UK[39]. A new wave of place-based R&D interventions and regional investment mechanisms are further reshaping the geography of createch[40] [41] [42].

The Sector Plan calls for stronger alignment between createch innovation and place-based policy, building on lessons from the AHRC's CICP and the recently formed CoSTAR programmes[43] [44]. CoSTAR establishes a UK-wide R&D network of laboratories for screen-based creative technology, supporting industry-academic collaboration and commercialisation. Interventions like CICP are particularly important, showing how public R&D investment supports a more geographically diverse createch ecosystem.

Higher Education Institutions (HEIs) continue to play a pivotal role within this landscape, both as anchors for local innovation ecosystems and as sources of createch spinouts and applied R&D. The Sector Plan encourages stronger links between HEIs, creative firms and investors to accelerate commercialisation. **Strengthening these roles through regional R&D funding streams and spin-out support will be central for realising the Sector Plan's ambitions.** The Sector Plan also announced the Creative Places Growth Fund - a £150 million commitment building on the success of Innovate UK's Create Growth Programme[45], to support six Mayoral Combined Authorities in delivering locally tailored investment-readiness and innovation programmes. Early examples of MCAs integrating createch priorities into their interim Local Growth or Innovation Plans include the West of England Combined Authority, highlighting immersive and creative technology as a regional growth focus and West Yorkshire Combined Authority,

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[37] Siepel et al. (2023) *Geographies of Creativity*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/state_of_the_nation/geographies-of-creativity/
[38] Siepel et al. (2024) *Growth Finance in the Creative Industries*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/state_of_the_nation/growth-finance-for-the-creative-industries/
[39] Mateos-Garcia, J. (2021) *An analysis of Createch R&D business activity in the UK*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/wp-content/uploads/2024/01/PEC-An-analysis-of-Createch-RD-business-activity-in-the-UK-v3-1.pdf
[40] Siepel et al. (2023) Geographies of Creativity. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/state_of_the_nation/geographies-of-creativity/
[41] Mateos-Garcia, J. (2021) *Mapping the R&D landscape for creative technologies*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/policy_briefing_entr/mapping-the-r-d-landscape-for-creative-technologies/
[42] Siepel et al. (2020) Creative Industries Radar: Mapping the UK's Creative Clusters and Microclusters. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/wp-content/uploads/2023/12/PEC-Creative-Radar-report-November-2020.pdf
[43] UKRI (2024) *Creative Industries Clusters: A new wave*. Available at: https://www.ukri.org/blog/creative-industries-clusters-a-new-wave/
[44] UKRI (no date) *Convergent screen technologies and performance in realtime (CoSTAR)*. Available at: https://www.ukri.org/councils/ahrc/remit-programmes-and-priorities/convergent-screen-technologies-and-performance-in-realtime-costar/
[45] Innovate UK (no date) *Create Growth Programme*. Available at: https://iuk-business-connect.org.uk/programme/create-growth/

prioritising creative digital industries and virtual production infrastructure [46] [47]. The West Midlands Combined Authority and Liverpool City Region Combined Authority are leading new creative clusters with AHRC investment [48][49], and Tees Valley Combined Authority is embedding createch into the new Tees Valley Investment Zone supported by £160mil of government funding[50].

Devolved governments also adopt place-based approaches to supporting createch across the Four Nations: for example, Media Cymru builds on the impact of the AHRC-funded Clwstwr programme and works with Creative Wales to support inclusive and sustainable growth of the Welsh screen sector, both within the Cardiff Capital Region and in surrounding cities, towns and rural areas[51].

With increased devolution opening opportunities for local prioritisation and coordination, creative corridors have also been identified as potential mechanisms to scale up creative clusters across the UK[52], including the pioneering One Creative North corridor[53]. This wider coordination is critical as companies in creative microclusters (i.e. at a street, neighbourhood or town level) outside of creative clusters are more likely to be growth oriented but also to view access to finance as a barrier to growth[54]. Corridors could encourage pan-regional and cross-national partnerships to strengthen supply chains and expertise, as well as create and retain regional creative workforce.

Creative PEC research foregrounds the potential role that the creative industries may have in stimulating innovation in other sectors too: creative firms are more likely to co-locate in areas where the other seven priority sectors identified in the Industrial Strategy are also strong, suggesting that co-location can foster innovation linkages and spillovers[55]. On a sector level, co-location was particularly pronounced between the creative industries and the professional services, life sciences and the digital and

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[46] West Yorkshire Combined Authority (2025) *West Yorkshire receives £25million to bolster its world-class creative industries*. Available at: https://www.westyorks-ca.gov.uk/all-news-and-blogs/west-yorkshire-receives-25-million-to-bolster-its-world-class-creative-industries/

[47] West of England Combined Authority (2025) *West secures £25million to bolster world-class creative industries*. Available at: https://www.westofengland-ca.gov.uk/news/west-secures-25-million-to-bolster-world-class-creative-industries/

[48] Createch Frontiers (no date) Available at: https://createchfrontiers.com/

[49] DCMS (2024) *Government boosts growth-driving creative industries in Merseyside and the West Midlands*. UK Government. Available at: https://www.gov.uk/government/news/government-boosts-growth-driving-creative-industries-in-merseyside-and-the-west-midlands

[50] Innovate UK (2024) *Tees Valley Local Action Plan*. Available at: https://iuk-business-connect.org.uk/wp-content/uploads/2024/09/Innovate-UK-Tees-Valley-Action-Plan.pdf

[51] Media Cymru (2024) "Bumper Autumn" of innovation for creative industries as Media Cymru announces over £1 million in funding and investment opportunities. Available at: https://media.cymru/bumper-autumn-of-innovation-for-creative-industries-as-media-cymru-announces-over-1-million-in-funding-and-investment-opportunities/

[52] RSA, ACE and Creative PEC (2024) *Creative Corridors: connecting clusters to unleash potential*. Available at: https://www.thersa.org/reports/creative-corridors-connecting-clusters-to-unleash-potential-report/

[53] West Yorkshire Combined Authority (2025) *One Creative North*. Available at: https://westyorkshire.moderngov.co.uk/documents/s39818/Item%209%20-%20One%20Creative%20North.pdf

[54] Siepel et al. (2020) *Creative Industries Radar Mapping the UK's creative clusters and microclusters*. Creative Industries Policy and Evidence Centre. https://pec.ac.uk/wp-content/uploads/2023/12/PEC-Creative-Radar-report-November-2020.pdf

[55] Siepel, J. (2025) *All Together Now?* Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/blog_entries/all-together-now/

technology sectors, which is an important consideration for future place-based intervention design.

This evidence highlights opportunities to deliver further place-based interventions and, in the process, grow the evidence base on the geography of the createch economy: **further mapping should inform how to target finance interventions and how to connect smaller creative microclusters into wider regional and national innovation systems.**

5. Skills and training provision

Creative PEC's research suggests that UK employers are showing a growing demand for createch roles and for createch skills in general[56]. McKinsey's research also points to the ongoing need for both digital and creative skills required by employers[57]. In Erskine Analysis' report on createch and emerging creative technologies, sector data was used to estimate that createch firms employ more than 350,000 people in roles combining creative and technological expertise, with around 20,000 vacancies in createch-intensive occupations in 2024[58]. In the creative industries workforce more generally, however, there remain significant mismatches between current skills provision and employer demand, with advanced digital, computing and data analysis skills as those with the most acute shortages[59].

Creative subjects have in recent years been somewhat deprioritised across the education system and, at least in England, in schools. However, the recent report from the independent Curriculum and Assessment review managed by Department for Education highlighted a growing but currently unmet demand for digital skills within the curriculum[60]. There have been wider calls from the sector for school curriculums to adapt their offers to develop technical skills - for example, by offering a Digital Creativity GCSE[61].

Furthermore, DCMS and Ipsos polled young people from lower socio-economic backgrounds and their parents to understand the barriers to considering a creative career: it found both young people and their parents were less likely to associate the creative industries with IT and computer services, but this was the most popular sector to be mentioned by both in terms of where they would be most interested in future work for themselves/their child[62].

With Higher Education remaining as the main route of entry into the creative sector workforce[63], there could be opportunities for skills development - particularly via postgraduate education. Creative PEC research finds that only 29% of createch firms

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[56] Bakhshi et al. (2019) *The Creative Digital Skills Revolution*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/wp-content/uploads/2023/12/The-Creative-Digital-Skills-Revolution-the-PEC-and-Nesta-24-Oct-2019.pdf
[57] McKinsey (2025) *We're all techies now: Digital skill building for the future*. Available at: https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/we-are-all-techies-now-digital-skill-building-for-the-future?cid=soc-web
[58] Easton et al. (2025) CreaTech How the fusion of emerging technologies and the Creative Industries can transform the UK's approach to skills, innovation and business. Royal Anniversary Trust. Available at: https://royalanniversarytrust.org.uk/wp-content/uploads/2025/02/CreaTech-Report.pdf
[59] Giles et al. (2025) *Skills Mismatches in the UK's Creative Industries. Creative Industries Policy and Evidence Centre*. Available at: https://pec.ac.uk/wp-content/uploads/2025/02/Creative-PEC-Skills-mismatches-in-the-UKs-Creative-Industries-12-Feb-2025.pdf
[60]Department for Education (2025) *Curriculum and Assessment Review Final Report*. Available at: https://www.gov.uk/government/publications/curriculum-and-assessment-review-final-report
[61] UKIE (2025) *Creative industries unite behind call for new Digital Creativity GCSE*. Available at: https://ukie.org.uk/news/creative-industries-unite-behind-call-for-new-digital-creativity-gcse
[62] Department for Culture, Media and Sport (2025) *DCMS creative careers research*. Available at: https://www.gov.uk/government/publications/dcms-creative-careers-research
[63] Bloom, M. (2020) For Love or Money? Graduate motivations and the economic returns of creative higher education inside and outside the creative industries. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/wp-content/uploads/2023/12/PEC-research-report-For-Love-or-Money.pdf

reported employing PhD-qualified R&D workers, compared with 46% of other tech firms[64]. Createch founders are also less likely to hold a PhD[65]. There is also a strong presence of Arts, Humanities and Design degrees within the createch workforce compared with the non-createch baseline, supporting the idea that companies at the intersection of the arts, creativity and technology need access to talent with skills that go beyond STEM alone[66].

Building on this, UKRI's R&D strategy could further enable createch growth by embedding tailored interdisciplinary research funding and secondments that connect HEIs with createch firms, as demonstrated by initiatives such as the CICP and CoSTAR. This could include opportunities for postgraduate study in areas such as AI for creative production and immersive design, similar to AHRC's ADAPT-AI doctoral focal award[67].

Beyond formal education, policy interventions should also focus on reskilling and lifelong learning to help the existing creative workforce adapt to new technologies. The Department for Education's forthcoming Lifelong Learning Entitlement presents an opportunity to integrate creative and technical courses relevant to createch, including in areas such as generative AI and virtual production[68]. **A coordinated approach with key players like DCMS, DfE and UKRI will be essential to ensuring the UK's creative and digital talent pipeline remains globally competitive, inclusive and responsive to rapid technological change.**

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[64] Siepel et al. (2022) *Understanding createch R&D*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/understanding-createch-r-d/
[65] ibid.
[66] Mateos-Garcia, J. (2021) *An analysis of Createch R&D business activity in the UK*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/wp-content/uploads/2024/01/PEC-An-analysis-of-Createch-RD-business-activity-in-the-UK-v3-1.pdf
[67] KCL (2025) *King's awarded AHRC Doctoral Focal Award to deliver programme to grow and diversify audiences in the creative economy*. Available at: https://www.kcl.ac.uk/news/kings-awarded-ahrc-doctoral-focal-award-to-deliver-programme-to-grow-and-diversify-audiences-in-the-creative-economy
[68] DfE (2025) *Lifelong learning entitlement: what it is and how it will work*. Available at: https://www.gov.uk/government/publications/lifelong-learning-entitlement-lle-overview/lifelong-learning-entitlement-overview

6. Measuring and assessing createch

The Sector Plan commits to developing a more robust monitoring and evaluation framework for creative industries policy interventions, including those targeting createch. At present, this is constrained by the absence of an official definition of createch or an agreed methodology for measuring createch activity.

The closest approximation within official DCMS statistics is found under the IT, Software and Computer Services sub-sector, which includes firms whose main activities are in one of four IT-related Standard Industrial Classification (SIC) codes in the SIC 2007 framework[69]. Yet this underrepresents createch, as it excludes creative firms whose innovation is technological in nature but whose main activity is not amongst the four IT-related SIC codes[70] [71] [72]. That official statistics are derived from sources like the Interdepartmental Business Register (IDBR) which assign each firm a single SIC code based on its main activity is analytically convenient for producing sub-sector estimates, but not helpful when businesses work across several sub-sectoral boundaries. This suggests that to define createch we may need to go beyond official statistics.

The Creative PEC has in the past used a variety of non-traditional sources, including web-scraped data to identify Creative Industries companies[73][74], createch companies specifically[75] and licensed commercial databases from a range of providers[76]. This has enabled more granular insights into the make-up of the creative sector. In our forthcoming report in collaboration with Beauhurst on high-growth potential Creative Industries firms, we use the latter's proprietary industry tags combined with the full set of SIC codes companies can select at Companies House to capture their industry activity[77]. The report makes the crucial point that sub-sector groups within the high-

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[69] DCMS (2025) *DCMS Sectors Economic Estimates Methodology*. Available at: https://www.gov.uk/government/publications/dcms-sectors-economic-estimates-methodology - The IT, Software and Computer Services SIC codes included in the Creative Industries include 58.21 Publishing of computer games; 58.29 Other software publishing; 62.01 Computer programming activities; 62.02 Computer consultancy activities

[70] Mateos-Garcia, J. (2021) *An analysis of Createch R&D business activity in the UK*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/createch-activity-in-the-uk/

[71] Siepel et al. (2020) *Creative radar: Mapping the UK's creative industries*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/wp-content/uploads/2023/12/PEC-Creative-Radar-report-November-2020.pdf

[72] Bakhshi et. al. (forthcoming) *High-Growth Potential Firms in the Creative Industries*. Creative PEC and Beauhurst.

[73] Mateos-Garcia et al. (2018a) *Creative Nation*. Nesta. Available at: https://www.nesta.org.uk/report/creative-nation/

[74] Siepel et al. (2020) *Creative radar: Mapping the UK's creative industries*. Creative Industries Policy and Evidence Centre. https://pec.ac.uk/research_report_entr/creative-radar-mapping-the-uks-creative-industries/

[75] Mateos-Garcia et al. (2018b) *The immersive economy in the UK The growth of virtual, augmented and mixed reality technologies.* Innovate UK. Available at: https://pec.ac.uk/wp-content/uploads/2024/07/Immersive_Technologies_PDF_lowres.pdf

[76] Mateos-Garcia, J. (2021) *Createch activity in the UK*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/createch-activity-in-the-uk/

[77] Bakhshi et. al. (forthcoming) *High-Growth Potential Firms in the Creative Industries*. Creative PEC and Beauhurst.

growth potential firm population are not mutually exclusive. Many high-growth potential firms working in software work in other sub-sectors like advertising, film and TV too.

Of course, to understand createch policymakers need to look beyond business data. The Creative PEC and Nesta, for example, analysed 35 million job adverts to identify 54 createch skills[78], ranging from 3D modelling and virtual production to machine learning for design. In a forthcoming paper, Creative PEC researchers have used job adverts data to analyse the evolving impact of generative AI tools for creative skills demand[79]. The Data City has also identified digital creative firms in its database based on web presence and network clustering, as part of its Real-Time Industrial Classification[80]. **These approaches demonstrate the value in using an array of alternative data sources alongside more familiar official statistics to build a quantitative picture of the createch economy.**

The argument for the increased prioritisation of createch often involves comparisons to successful UK tech companies that policymakers have previously supported[81], such as in the FinTech sector. Createch's evolution can be compared to the policy trajectory of FinTech, which was designated a priority growth sector through the UK FinTech State of the Nation strategy in 2019[82]. This focus catalysed private investment and institutional support, including from the British Business Bank.

FinTech is also listed as a major area of activity for createch companies, with approximately 1,596 such firms identified using the term[83]. **The development of a clear definition and M&E framework for createch could serve as a similar foundation for wider visibility and recognition of the sector, investor confidence and policy coordination**.

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[78] Bakhshi et al. (2019) *The Creative Digital Skills Revolution*. Creative Industries Policy and Evidence Centre and Nesta. Available at: https://pec.ac.uk/wp-content/uploads/2023/12/The-Creative-Digital-Skills-Revolution-the-PEC-and-Nesta-24-Oct-2019.pdf

[79] Creative PEC (forthcoming) *Generative AI and the Creative Workforce*. Creative PEC, Univeristy of Melbourne and Sussex University.

[80] Data City (2025) *Digital Creative Industries RTC*. Available at: https://thedatacity.com/rtics/digital-creative-industries-rtic0064/

[81] Siepel et al. (2022) *Understanding createch R&D*. Creative Industries Policy and Evidence Centre. Available at: https://pec.ac.uk/research_report_entr/understanding-createch-r-d/

[82] Department for Business and Trade (2019) *UK FinTech: State of the Nation. UK Government*. Available at: https://assets.publishing.service.gov.uk/media/5cd9511740f0b62d81cad294/UK-fintech-state-of-the-nation.pdf

[83] Easton et al. (2025) CreaTech How the fusion of emerging technologies and the Creative Industries can transform the UK's approach to skills, innovation and business. Royal Anniversary Trust. Available at: https://royalanniversarytrust.org.uk/wp-content/uploads/2025/02/CreaTech-Report.pdf

7. Policy implications and areas for future research

This brief shows the multitude of ways that createch offers the UK Government a strong opportunity to drive innovation and growth, building on existing expertise across the creative industries and the tech sector. To fully realise this potential, a more coordinated and targeted policy approach is required across R&D, investment, place-based development, and skills.

This brief highlights several policy implications which affect the createch sector:

- **Increase public R&D investment and tailored support:** Public investment in creative industries R&D remains modest in relation to the sectors economic performance. Expanding tailored R&D support through programmes such as the AHRC's Creative Industries Clusters will be critical to scaling up the UK's createch capabilities. These future interventions should embed longitudinal evaluation to understand the long-term impacts.
- **Address the late-stage funding gap and improve investor understanding:** Structural barriers to finance continue to limit the scaling up of createch firms. Addressing the late-stage funding gap will require a mix of private and public instruments, including the British Business Bank and devolved funding mechanisms, alongside improving investor understanding of intangible/IP-based business models.
- **Adopt a place-based approach and harness devolved funding:** Place-based approaches have proven successful in unlocking regional createch potential. Devolving more innovation and investment funding to Mayoral Combined Authorities and devolved governments could strengthen local innovation ecosystems, particularly where creative clusters intersect with other growth sectors.
- **Prioritise creative-digital education at all levels:** Createch growth depends on creative and technical skills. Policy should prioritise creative and digital education at all levels, expanding skills development pathways and lifelong learning opportunities aligned with emerging technologies. A joined-up approach between DCMS, DfE, UKRI and local education providers will be key.

Creative PEC is committed to strengthening the evidence base across the createch domain to aid policymakers in designing targeted interventions more effectively, ensuring that createch continues to drive inclusive and sustainable growth across the UK's creative economy. Key areas where further data collection and research include:

- **Definition and measurement:** Despite createch being a multi-sector activity, defying a single sectoral definition, there is a need for an agreed monitoring and evaluation approach of createch to enable consistent measurement across datasets and policy.
- **R&D and innovation outcomes:** Strengthening evidence on how createch R&D drives innovation and productivity, and on where there are market failures, to support its inclusion within R&D tax relief and broader innovation policy.

- **Access to finance:** Investigating the drivers of investor confidence including perceptions on return in investment, the impact of different funding models and the barriers createch firms face in progressing from seed to Series A/B funding.
- **Place-based impacts:** Conduct longitudinal evaluations of regional interventions to assess their contribution to sustainable local economic growth and innovation spillovers.
- **Skills and workforce development:** Expanding data collection on createch skills demand and supply, with robust evaluation of future skills and training initiatives to identify effective education models.