MIDLANDS ENGINE

DIGITAL CREATIVE & VIDEO GAMES

MIDLANDS CLUSTER SNAPSHOT 2023

Digital Creative & Video Games

Midlands New Economy Cluster

There are a number of organically formed digital creative & video game clusters across the Midlands Engine - primarily in the West Midlands and notably in Warwickshire. Many cities have established growing creative quarters aiming to attract SMEs and start-ups to benefit from working in proximity. Although the area underperforms for foreign investment, the share of domestic investment is disproportionately high in the West Midlands.

The cluster is supported by Create Central in the West Midlands, and initiatives such as Confetti Institute of Creative Technologies in Nottingham. 10 of the region's universities perform highly in relevant areas, and there is a pipeline of some 19,000 HE and FE graduates annually - although there are some retention and educational outcome challenges.

Cluster in context

Almost 13,000 jobs; 12% of national and largest region outside of London & SE.

4% of Midlands university graduates studied relevant subjects to digital creative & video games, including from 5 of top 25 UK universities for Computer Science and Information Systems, and Art and Design.

Almost 2,000 businesses; 14% of UK total and 84% growth since 2013.

158 high growth companies (15% of UK) and 11 £100m+ turnover companies (31% of UK).

11% of Innovate UK funding to digital creative & video games since 2005 has been awarded to those with a Midlands address.

11% of UK digital creative & video games Foreign Direct Investment Capex and 33% of UK digital creative & video games Domestic Direct Investment Capex 2017-2021.

Business Ecosystem

Total Cluster Business Count: 1,918

14% of UK; largest region outside of London / SE. 84% growth since 2013.[1]

£100m+ Turnover Companies: 11

31% of all in the UK have a Midlands location.[2]

High Growth Companies: 158

15% of all in the UK have a Midlands location.[3]

Incorporations 2017-22: 517

12% of UK digital creative & video games incorporations between 2017 and 2022 have a Midlands location[4]

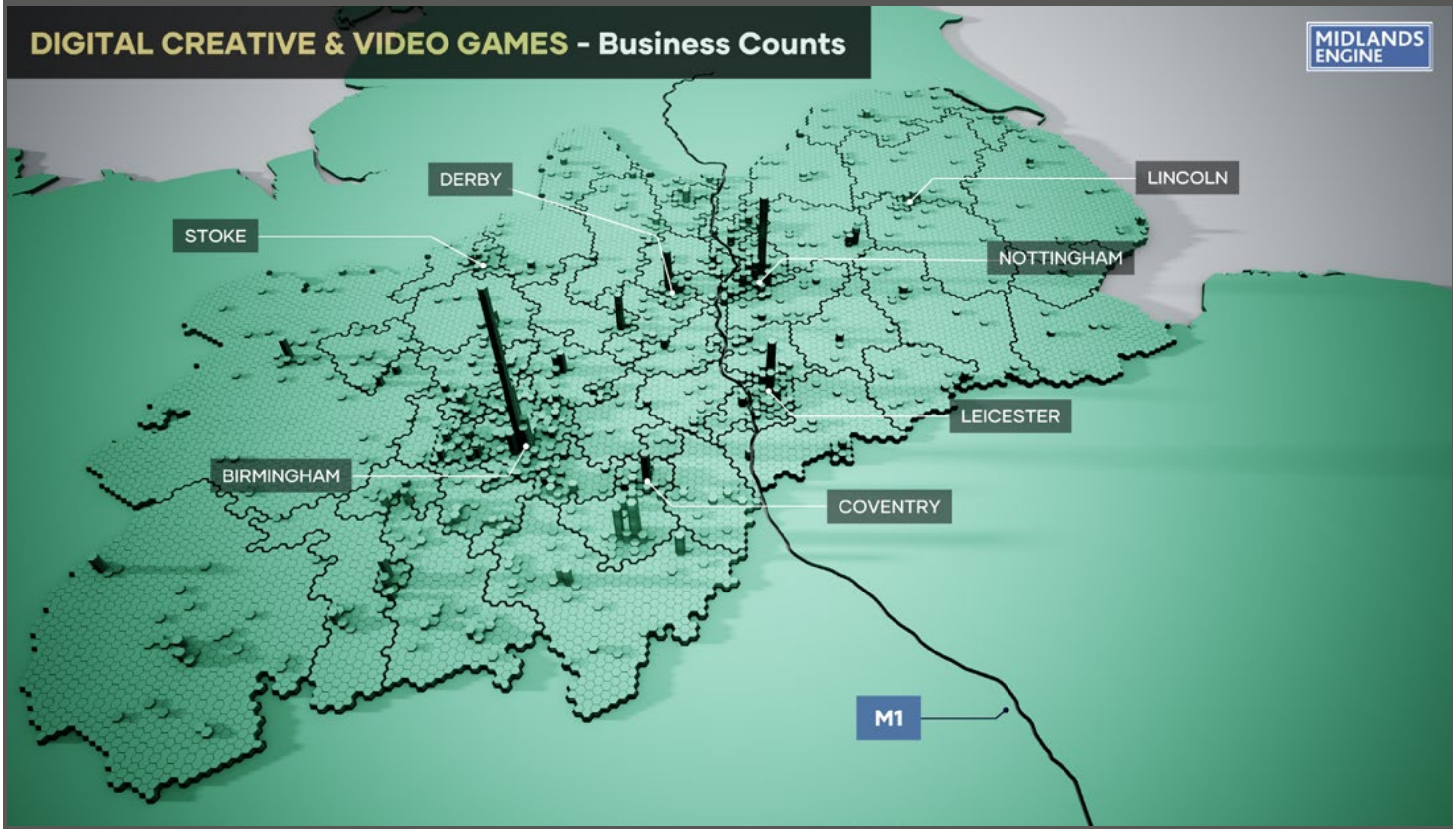
Foreign-owned enterprises: 4%

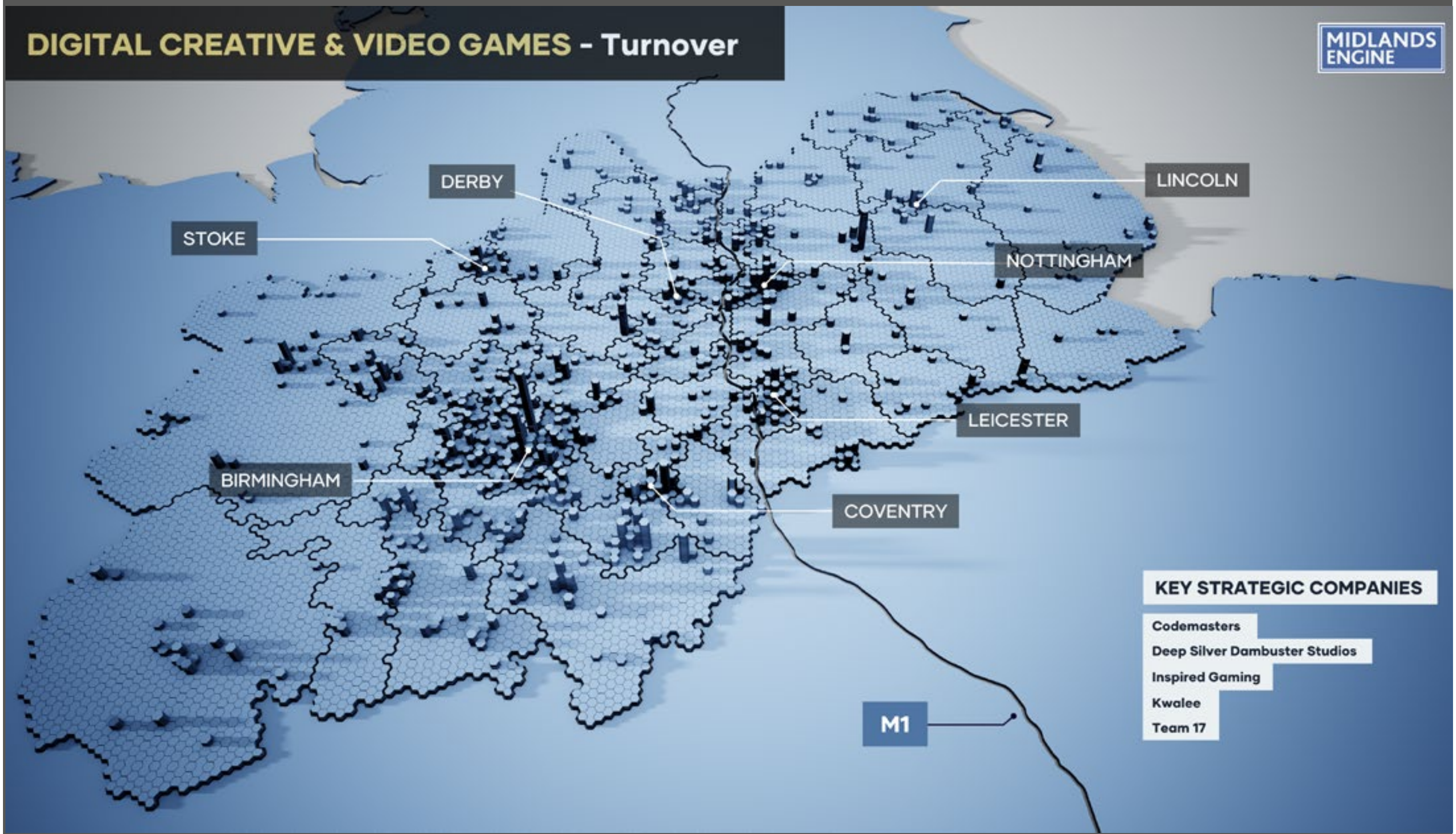
72 are known to be foreign-owned; Higher proportion of foreign-owned than national average (3%).[5]

MIDLANDS ENGINE OBSERVATORY

Digital Creative & Video Games here is defined as a cluster of strength within the established Creative, Design & Digital sector in the Midlands. Hence the figures represented are somewhat lower (for jobs and business data anyway) than reported for the wider sector (for example by MEO or Government data) – which is defined as much broader than just creative content and video games.

[1,2,4,5] Data City 2023, [3] 20%+ company growth percentage per year.


DIGITAL CREATIVE & VIDEO GAMES - Business Counts
MIDLANDS ENGINE
DERBY
STOKE
LINCOLN
NOTTINGHAM
LEICESTER
BIRMINGHAM
COVENTRY
M1


DIGITAL CREATIVE & VIDEO GAMES - Turnover
MIDLANDS ENGINE
DERBY
STOKE
LINCOLN
NOTTINGHAM
LEICESTER
BIRMINGHAM
COVENTRY
KEY STRATEGIC COMPANIES
Codemasters
Deep Silver Dambuster Studios
Inspired Gaming
Kwalee
Team 17
M1

Digital Creative & Video Games

Innovation Ecosystem

Accelerator Engagement:[1] 21

Relevant Cluster Organisations:
Create Central

Relevant high performing HEI research:
Universities of Birmingham; Birmingham City; Coventry; De Montfort; Leicester; Loughborough; Nottingham; Nottingham Trent; Staffordshire; Warwick

10 Midlands universities with high research ranking in relevant subjects.[2]

Significant Innovation Hubs:
Creative Quarters in Royal Leamington Spa, Nottingham, Digbeth (Birmingham), and more

High Growth Company Grants:[3] 3

Innovate UK funding: £2.7m since 2005

11% of Innovate UK funding to digital creative & video games had a Midlands location.[4]

[1]Beauhurst 2022: High growth companies utilised accelerators,
[2]REF 2021 GPA >3.0 in any of Art and design: history, practice and theory; Computer science and informatics; Music, drama, dance, performing arts, film and screen studies; Sport and exercise sciences, leisure and tourism,
[3]Beauhurst 2022, [4]Data City 2023.

Digital Creative & Video Games

Talent Ecosystem

Estimated Employees: 12,790

12% of national; largest region in UK outside of London.[1]

Earnings: Average salary £36,062

National average £45,091 (20% lower in Midlands).[2]

Further Education Leavers: 12,410

More FE leavers (including higher level) in relevant subjects than all other regions.[3]

Relevant HEI High-Ranking Department:

Universities of Loughborough; Nottingham Trent; Warwick; Birmingham; Nottingham

5 universities high ranked: international presence and expertise.[4]

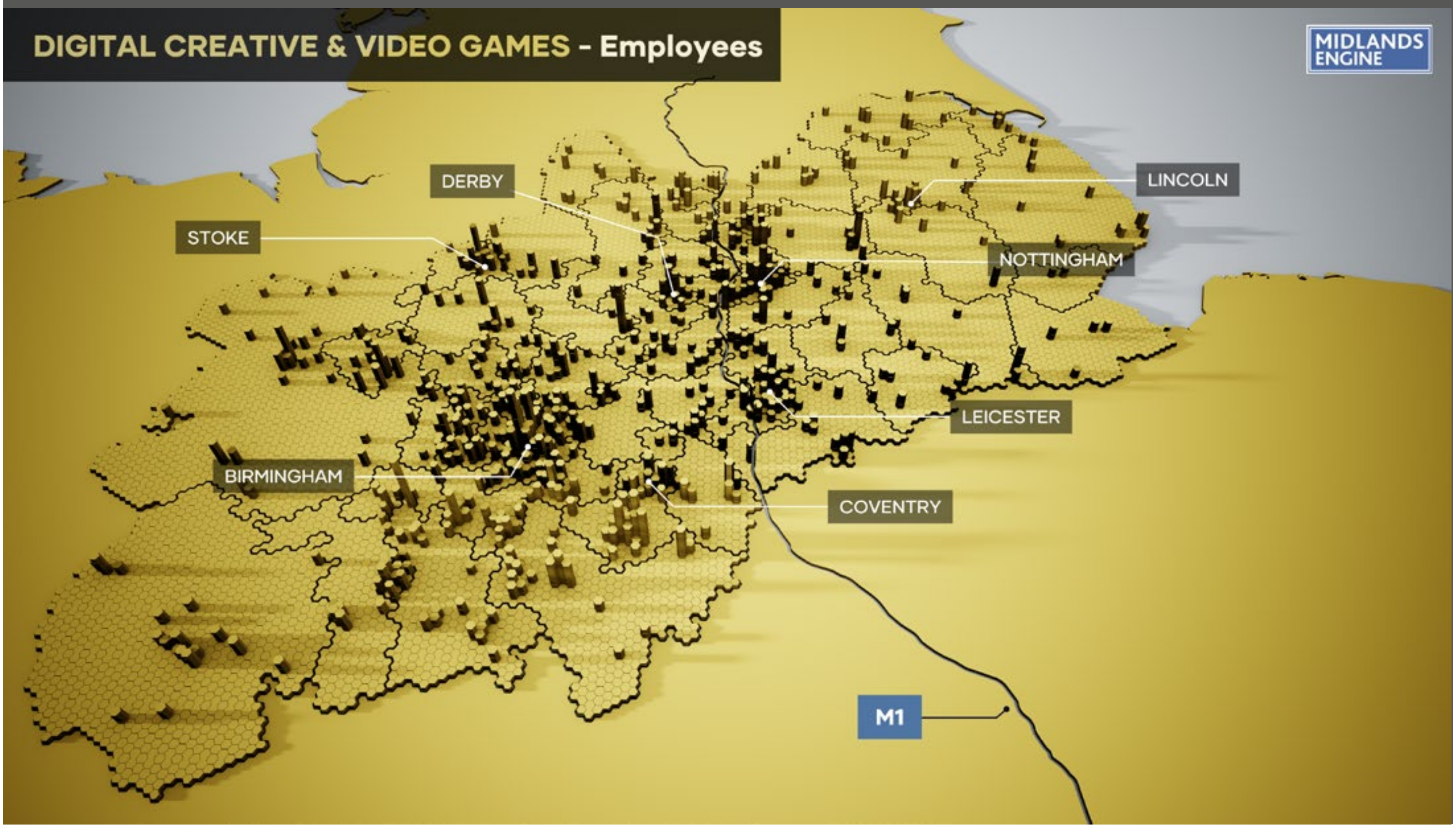
University Graduates: 6,180

4% of Midlands graduates studied relevant subjects to digital creative & video games.[5]

Graduate Retention: change over 3 years: 64.2%

Midlands retains fewer graduates in IT industry than North West, London, and East of England.[6]

[1]Data City, 2023, [2]ONS ASHE, 2021 - relevant sectors, [3]DfE Unit for Future Skills: Further Education leavers 18/19 in relevant fields, [4]QS 'Computer Science and Information Systems' & 'art and design' world ranking 2022 - institutions in UK top 25, [5]Graduates from relevant subjects 2021 (HESA), [6]1640/2555 first degree graduates trained in region remain in 'Information and Communication' in 3 years of graduating in 2019.



Digital Creative & Video Games

Investment Ecosystem

Investment/Venture Capital Firms:
Funds HQ'd in Midlands Engine area **200**
313 Funds have offices in region.[1]

FDI into High Growth Companies: **35%**
19 of 55 investments in High Growth Companies.[2]

FDI Capex 2017-21: **$24.3m**
11% of UK total.[3]

DDI Capex 2017-21: **$55m**
33% of UK total.[4]

Fundraising Volumes:

Mean av. **£451k** fundraising investment
£24.8m in 55 investments (inc. £1.2m across 25 seed investments; £4.4m across 21 venture investments).[5]

FDI Jobs 2017-2021: **298 jobs**
17% of UK total.[6]

DDI Jobs 2017-2021: **526 jobs**
34% of UK total.[7]

FDI Projects 2017-2021: **6 projects**
13% of UK total.[8]

DDI projects 2017-2021: **8 projects**
29% of UK total.[9]

[1]Beauhurst 2022, [2]Beauhurst 2022, [3]Wavteq 2022, [4]Wavteq 2022, [5]Beauhurst 2022, [6]Wavteq 2022, [7]Wavteq 2022, [8]Wavteq 2022, [9]Wavteq 2022.

COMMENTARY

- The majority of DDI capex in this cluster is concentrated in the West Midlands ($53m, 493 jobs) as compared to the East Midlands ($2m, 33 jobs).
- The top countries for foreign ownership counts are the USA, Sweden, Germany, and India, France, and Australia.
- Creative and Digital enterprises are growing across the Midlands. A recent Nottingham Trent University report (https://irep.ntu.ac.uk/id/eprint/45989/1/1532173_Rossiter.pdf) shows that there has been more GVA growth since 2010 in this cluster than all other SIC sectors, except IT & Communications.

MIDLANDS ENGINE OBSERVATORY

datacity

wavteq

Beauhurst

This data has been compiled from multiple sources, using classifications based on clusters as proposed by Midlands Engine Partners. Where necessary wider sector data has been used as a 'best proxy'. Unless otherwise stated, all data is contemporary as of May 2023, and is an aggregation of all known counts/data within the Midlands Engine's 65 Local Authorities. Unless otherwise stated, business, employee and turnover figures have been calculated via DataCity based on trading addresses within the Midlands Engine.