



AI Summary

**UK Tech in 2026:
Announcing The Tech
Nation Report - The Next
Wave of UK AI**

**LONDON
TECH
WEEK**

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Monday, 8 June 2026

Summary

The session introduced the Tech Nation Report 2026, focusing on the rapid growth of the UK's AI ecosystem. Over the past six months, AI innovation in the UK has surged, with startups raising more venture capital than other European markets combined. London remains the epicentre, but emerging AI hubs across Scotland, the east, and the north of England are driving growth. The UK AI sector has achieved a valuation of \$1.6 trillion, with AI businesses now accounting for a third of the UK tech market. Notably, UK AI startups raised £11 billion in six months, and 75% of venture capital invested in the UK is directed towards AI, predominantly in enterprise software.



The report highlighted that 30% of surveyed startups claimed their businesses wouldn't exist without AI, and 60% said AI was critical to their scaling strategies. However, reliance on major AI platforms has introduced challenges, with 25% of founders adapting business strategies and 30% reducing platform dependency by developing proprietary AI tools. Another pressing issue is the UK's dependence on US funding, with half of venture capital and 57p of every £1 of AI exit value flowing to the US, leaving only 9p in the UK. This dynamic underscores the need for domestic capital and sustainable growth strategies.

To address these challenges, the report identified key growth opportunities in sectors such as finance, pharma, biotech, defence tech, aerospace, and renewables. Regional AI specialisations are also forming, from health and biotech in the south to industrial AI in the north. Startups prioritised government support in four areas: attracting investment, acquiring AI talent, improving energy infrastructure for data centres, and advancing AI safety. The session concluded with a call for collaboration to turn the UK's momentum into lasting global leadership, supported by government initiatives like the sovereign AI fund, AI growth zones, and ambitious adoption targets.

Takeaways

UK AI Ecosystem Growth Outpaces the Rest of Europe

The UK has emerged as Europe's leading AI ecosystem, housing over 2,500 VC-backed AI startups and accounting for a third of the UK tech market's £1.6 trillion valuation. With AI growing at an annual rate of 32%, far surpassing the tech sector's 10% growth, the UK is consolidating its position as a global AI hub.

Dependence on US Capital Poses Strategic Challenges

UK AI companies heavily rely on US investors, with half of all venture capital funding originating from the US and 57% of AI exit value benefiting US entities. This financial dependency highlights a critical challenge for the UK's AI sector in retaining value and fostering long-term independence.

AI's Transformative Impact on Startups and Industrial Growth

AI is at the core of UK startup innovation, with 60% of surveyed founders citing AI as critical to their business models and 30% stating their businesses would not exist without it. The report also identified finance, pharma, biotech, transport, defence, and energy sectors as key AI growth areas, alongside emerging regional AI hubs across the UK.

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