

Createch in the UK

Sustainability Policy Linkages & Company Activity

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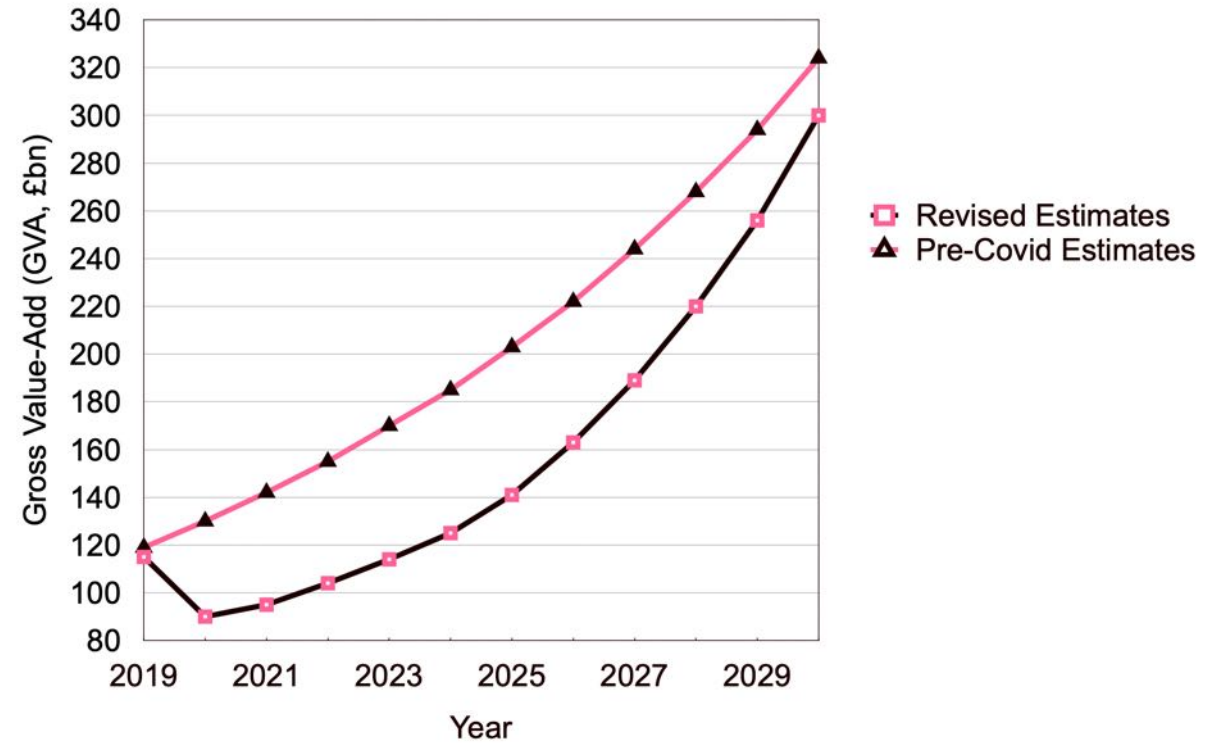
The background is a deep blue with a complex, abstract pattern of concentric circles and radial lines, resembling a digital or technical interface. The word "Introduction" is centered in a white, sans-serif font. There are three prominent circular elements: a large one on the left, a medium one in the upper right, and a smaller one in the lower right. These circles are composed of various shades of blue and white, creating a sense of depth and complexity. The overall aesthetic is futuristic and high-tech.

Introduction

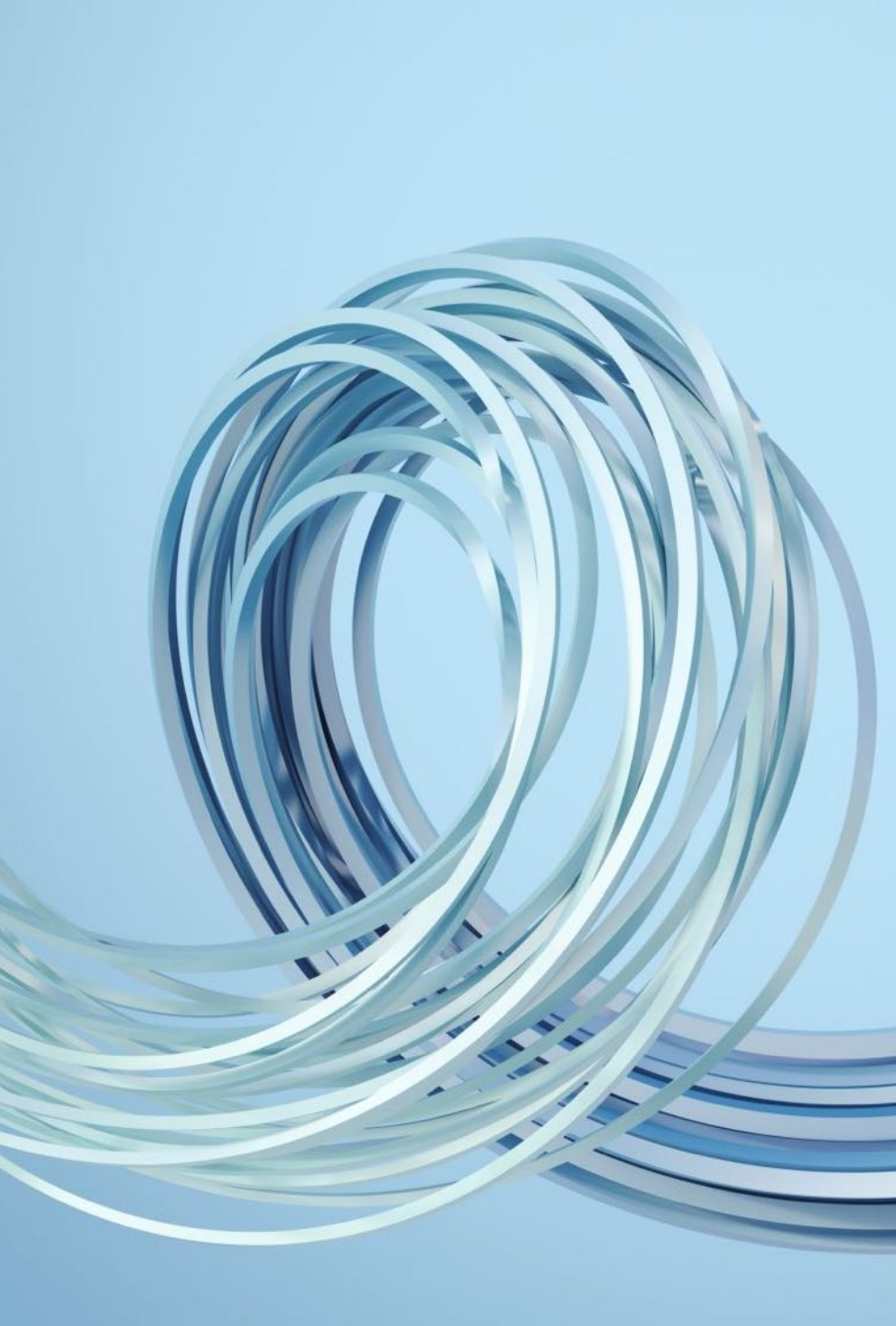
Createch's potential



Creative Industries GVA Growth to 2030



Sources: Calculated by authors.



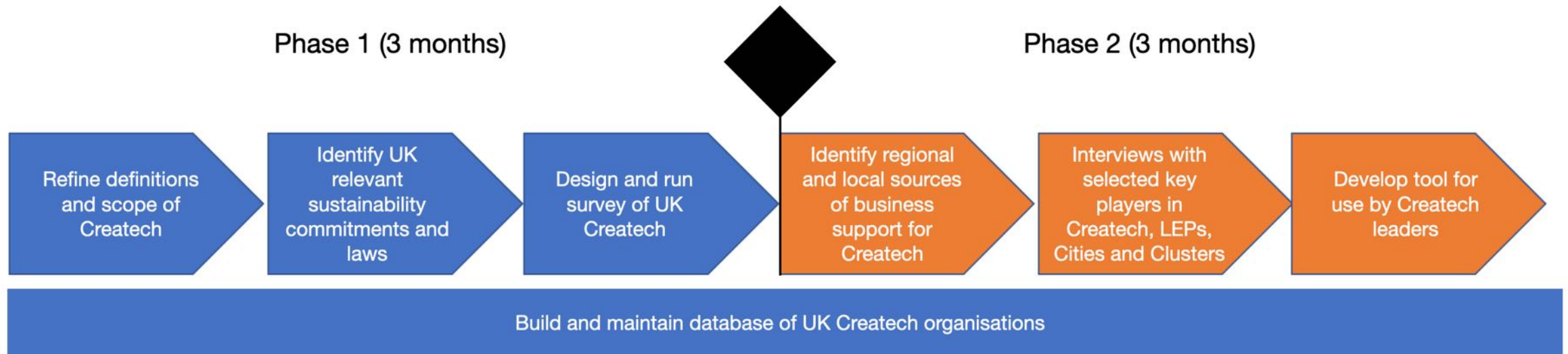
Aim of the project

- Better understand what Createch companies are doing to support net zero, circular economy and related sustainability targets post COP26
- Identify the challenges and opportunities that net zero, circular economy and related targets present for Createch companies; and
- Develop a practical tool for Createch (and potentially other parts of the Creative Industries) to use in assessing the opportunities that net zero, circular economy and related sustainability targets offer.

Approach

The background is a deep blue gradient. It is overlaid with several concentric circular patterns that resemble radar screens or data visualizations. These patterns consist of numerous thin, light blue lines and segments, some of which are highlighted in a slightly brighter blue or white. The patterns are arranged in a way that creates a sense of depth and complexity, with some patterns appearing more prominent than others. The word "Approach" is written in a clean, white, sans-serif font, positioned on the left side of the image, partially overlapping one of the circular patterns.

Two phases over 6 months



265 Createchs profiled for sustainability

81 survey respondents

16 in depth interviews with founders, CEOs, VCs, LEPs, Creative Clusters and local creative hubs

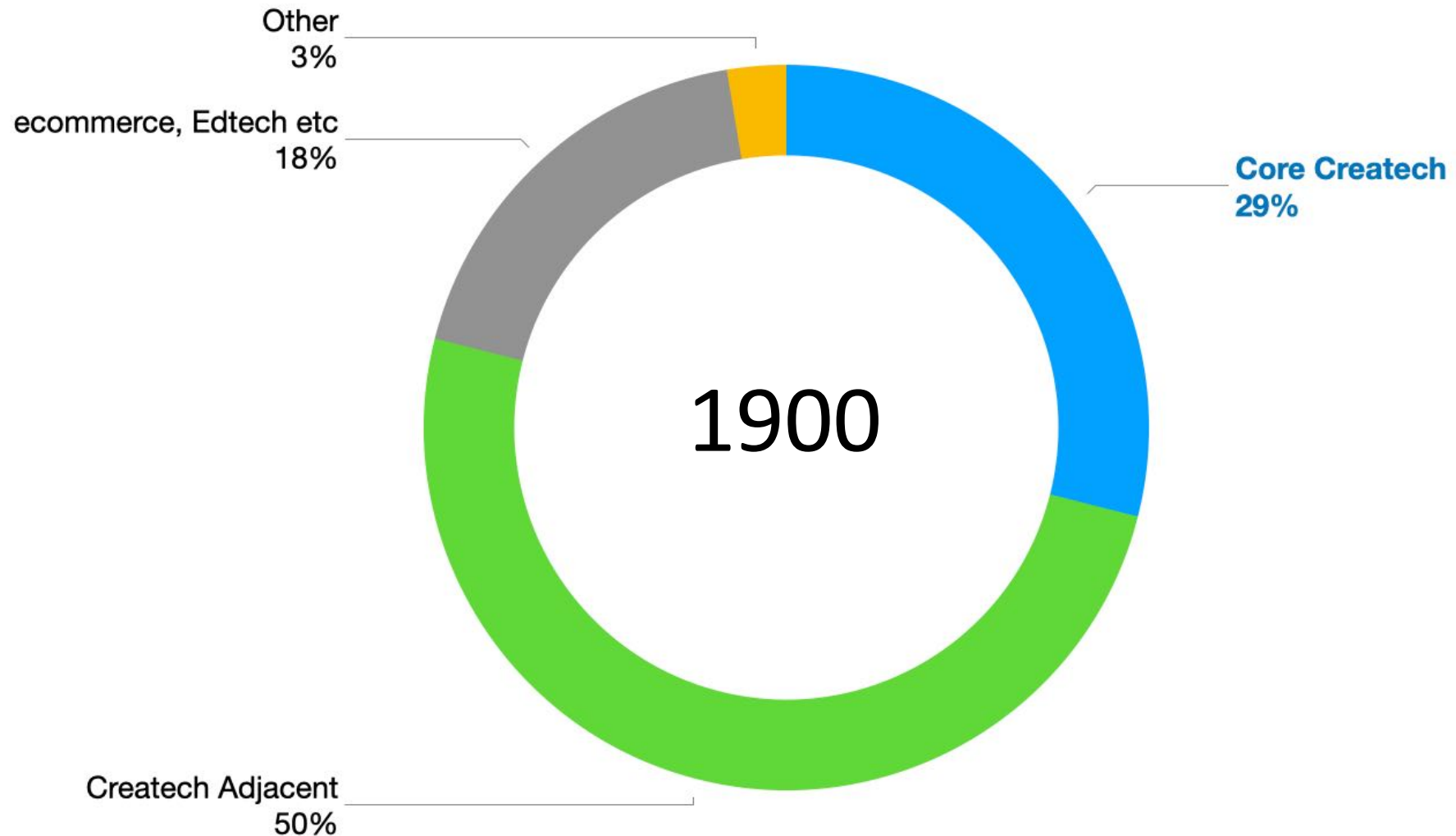
Refining the definition of Createch

1. A **growth-oriented** business or organisation that is in either the Cultural Sector or Creative Industries (as defined by DCMS) that designs or delivers creative experiences, products, or services; and
2. Has **technology assets** that are central to the value proposition to investors, customers, and users. It is insufficient for a business to have creative talent producing content using off the shelf tools; there must be technology innovation or adaption; and
3. Employs a business or operating model (processes and/or automation) that could **only be efficiently and effectively delivered with digital technologies**, such as those under the Industry 4.0 umbrella.

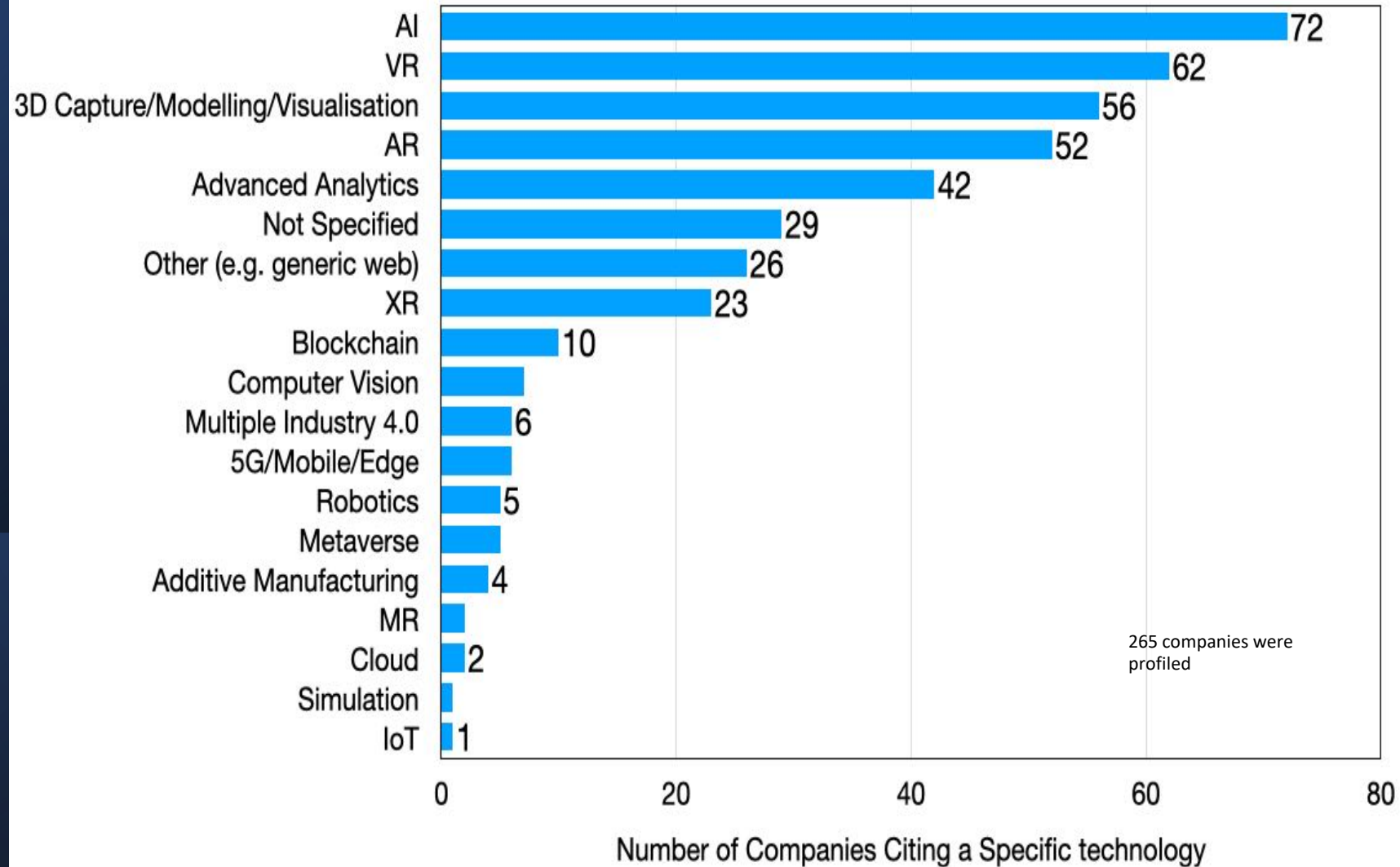
Refining the definition of Createch

Examples	Include	Exclude
A creative agency or studio with great skills, but only creates content for clients using off the shelf technology		X
An agency or studio that has patents for AR technology that it uses in its service	X	
A games publisher offering VR titles (for example for Oculus Quest 2)		X
A game start-up that uses proprietary AI to make Unreal meta humans more realistic as non-player characters	X	
A company that develops software plug-ins for 3D CAD systems used for multiple sectors such as fashion, aerospace, and engineering	?	
A start-up that provides AI-enabled business process automation to film and TV studios	X	
A training company that uses VR to deliver learning content to children		X
A theatre company that creates short-run live performance that include XR sequences created by external agencies for them as a client		X
A standard ecommerce business selling pre-loved fashion		X
An ecommerce business that has developed proprietary algorithms to assemble sustainable outfits for consumers	X	
An artist's collective that makes use of AR, VR etc to create their art		X
An app developer offering a 3D modelling platform for creating virtual clothing for gamers	X	

Segmentation of Createch in the UK



Technology usage by Core Createch



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UK policy context

Number of debates in UK Parliament since 2017

Keywords	Number
Net zero	3794
Biodiversity	2115
Right to repair	483
Single use plastics	469
Circular economy	277
Energy intensive industries	234
Extended producer responsibility (EPR)	132
Decarbonisation	111
Textile waste	10
Industry 4.0	10
Createch	3
Lifecycle analysis	2

“What plans are there to scale up the creative cluster approach? Will the Minister look at updating research and development definitions to enable more R&D funding for the creative sector, as countries such as France, Germany, Italy and South Korea have done? We have fintech and edtech; we also need createch.”

*Lord Aberdare in Creative Sector Volume 815
(debated on Thursday 4 November 2021)*

Createch not
mentioned in
key government
strategies,
policies and
laws



HM Government



Net Zero Strategy: Build Back Greener

October 2021



The background is a deep blue with a complex, abstract pattern of concentric circles and radial lines. These lines are white and light blue, creating a sense of depth and movement. The pattern resembles a stylized representation of data or a futuristic interface. The text 'Survey findings' is centered in the middle of the image, written in a clean, white, sans-serif font.

Survey findings

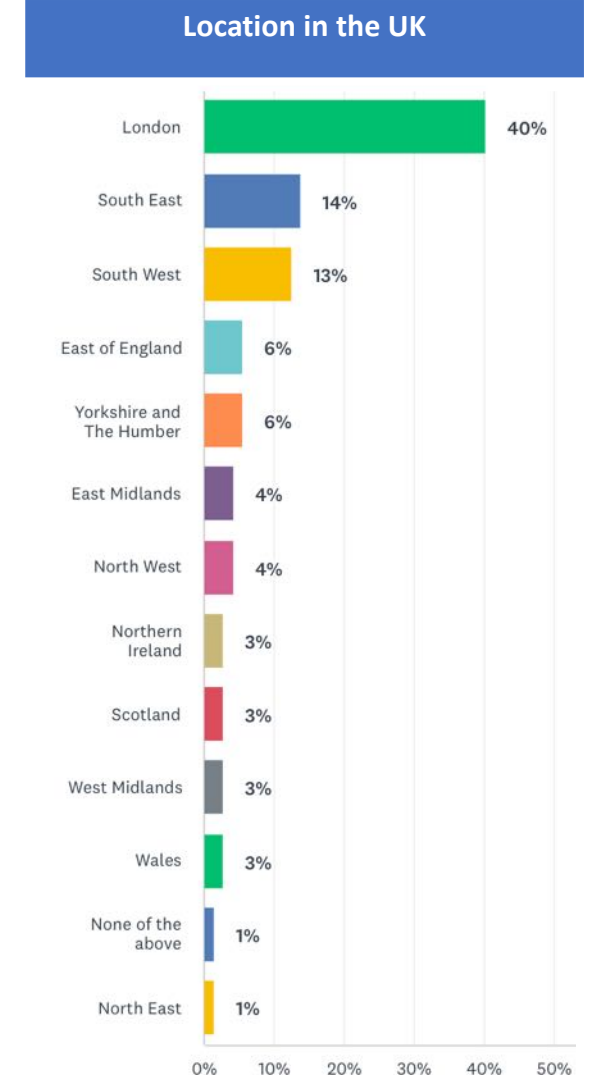
Survey demographics

Stage of Evolution	Proportion (%)
Start-up	58%
Scale-up	20%
Established	14%
None of the above	8%

Business Model ¹	Proportion (%)
B2B	51%
A combination	32%
B2C	24%
Other	7%

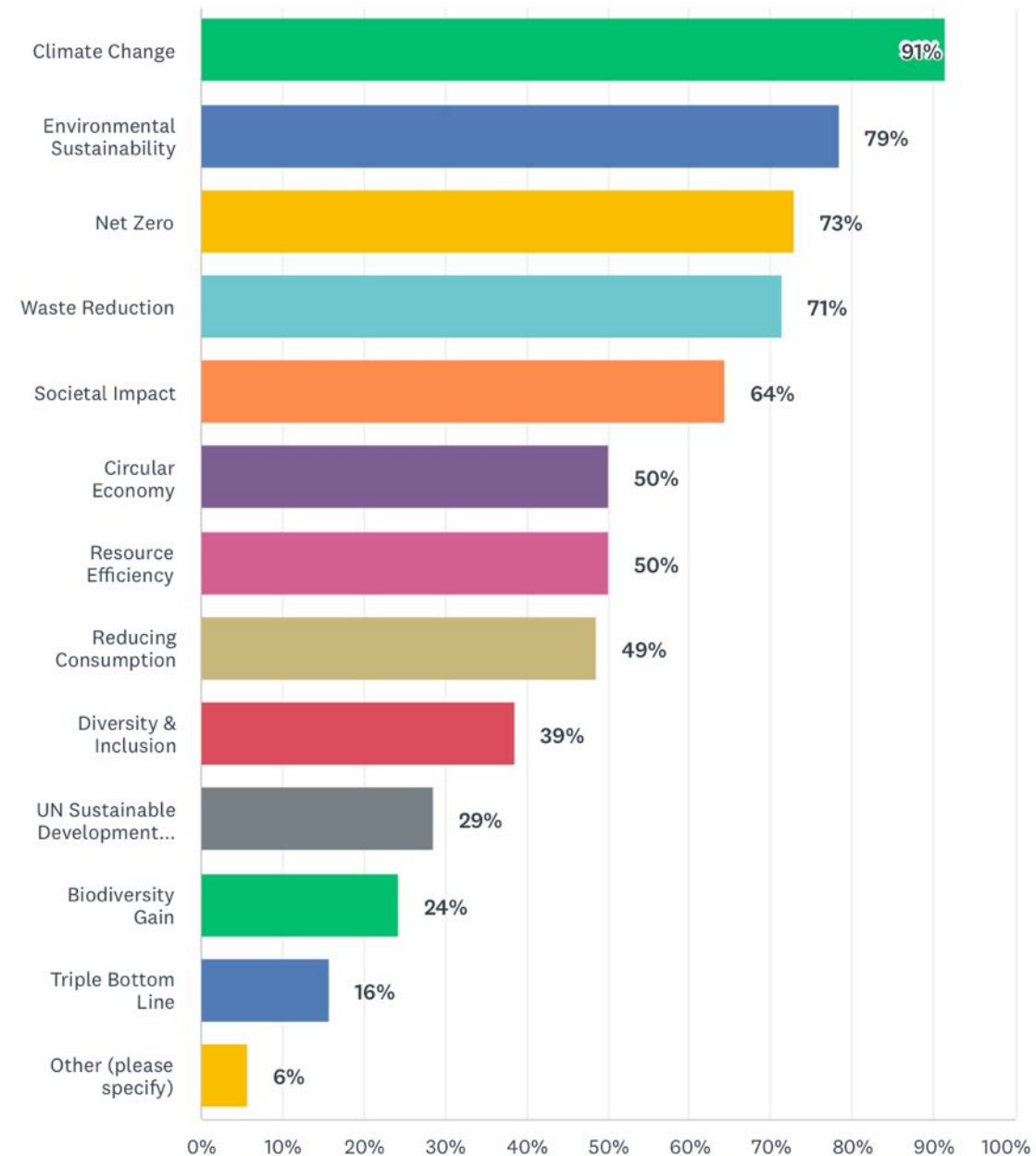
¹Multiple selections were allowed

Sub-Sector Alignment ¹	No. of Responses	Proportion (%)
Immersive Entertainment	18	25%
Software Development	17	24%
Advertising	15	21%
Arts & Culture (incl. Museums and Galleries)	15	21%
Design	15	21%
Fashion	15	21%
TV & Film	15	21%
Performing Arts	14	20%
Games	13	18%
Music	13	18%
Visual Arts	13	18%
Other	12	17%
Marketing	11	15%
Streaming	8	11%
Events and Attractions	7	10%
Publishing	6	8%
Architecture	3	4%
Crafts	2	3%



Climate change is top of mind

*“When you think of sustainability, which of the following come to mind (please tick all that are applicable?)”
(n=70)*



Nearly 80%
consider
sustainability
as core to
strategy

Statement	DISAGREE	PARTIALLY DISAGREE	PARTIALLY AGREE	AGREE	N/A
Sustainability is core to our strategy and mission	7% 5	15% 11	30% 21	47% 33	0% 0
Technology is essential to delivering our sustainability plans	13 9	10% 7	30% 21	42% 30	4% 3
There is clear responsibility for sustainability	20% 14	14% 10	17% 12	48% 34	0% 0
We have set measurable goals for sustainability	24% 17	21% 15	30% 21	20% 14	4% 3
We have documented environmental and societal plans	40% 28	10% 7	27% 19	19% 13	4% 3
We report on progress towards our sustainability goals	39% 27	13% 9	21% 15	16% 11	11% 8

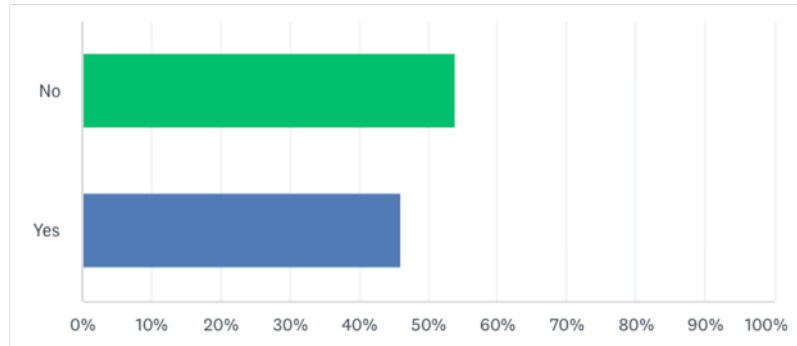
Policies and
responsibilities are
gaps

60% said they had *no*
documented policies

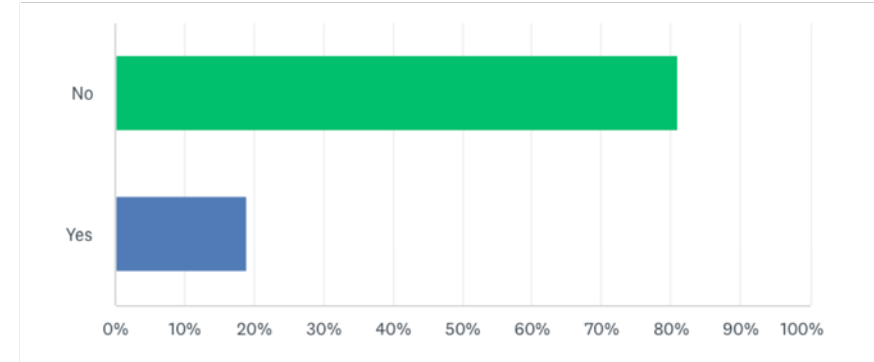
RESPONSIBILITY	COUNT	PROPORTION (%)
CEO by themselves or jointly with other roles such as CTO or COO)	15	29%
No-one or Everyone	11	22%
Founders	5	10%
Other	5	10%
Board or Management Team	3	6%
Director	3	6%
Managing Director	3	6%
Product Director or Manager	3	6%
CFO and COO	1	2%
COO	1	2%
ESG Lead	1	2%

Measurement is also challenge for Createchs

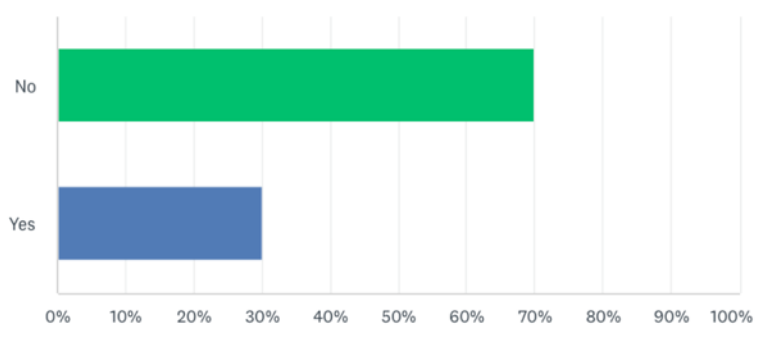
End to End Visibility and Reporting for Sustainability (n=63)



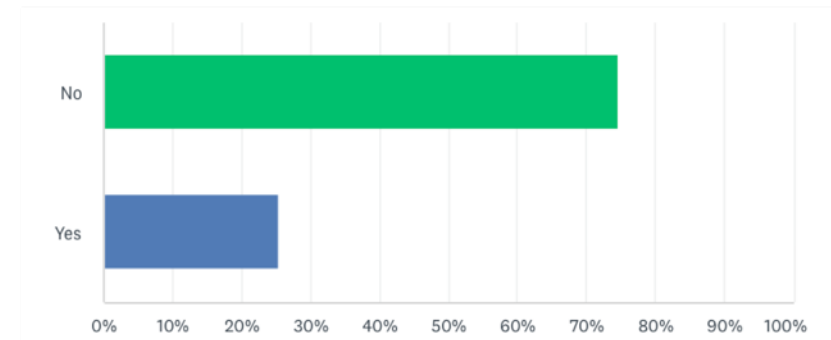
Measure and Report to Investors and Customers? (n=63)



Ability to Measure Entire Lifecycle of Products/Service (n=63)

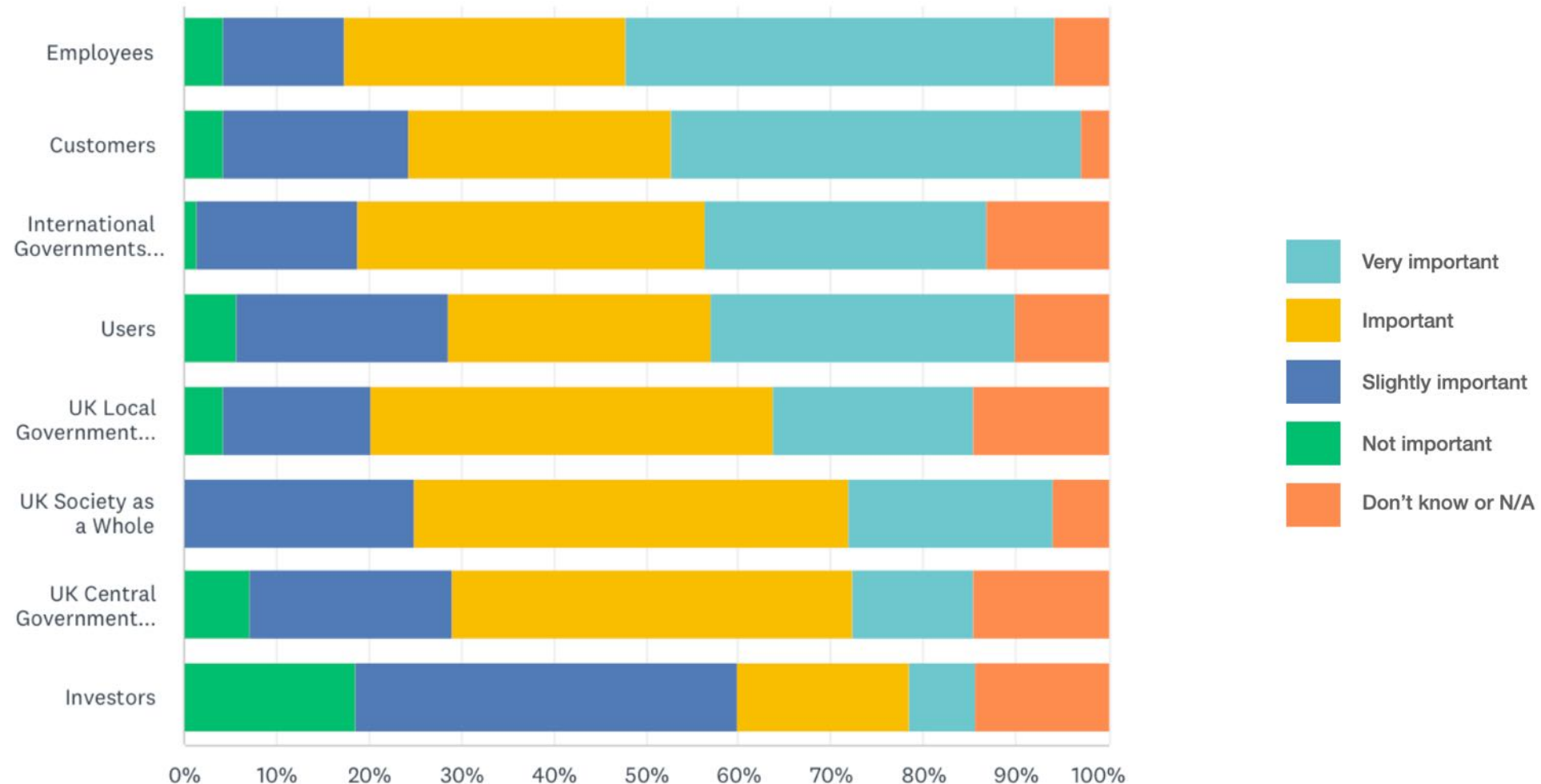


Provide Lifecycle Reports to Investors and Customers? (n=63)



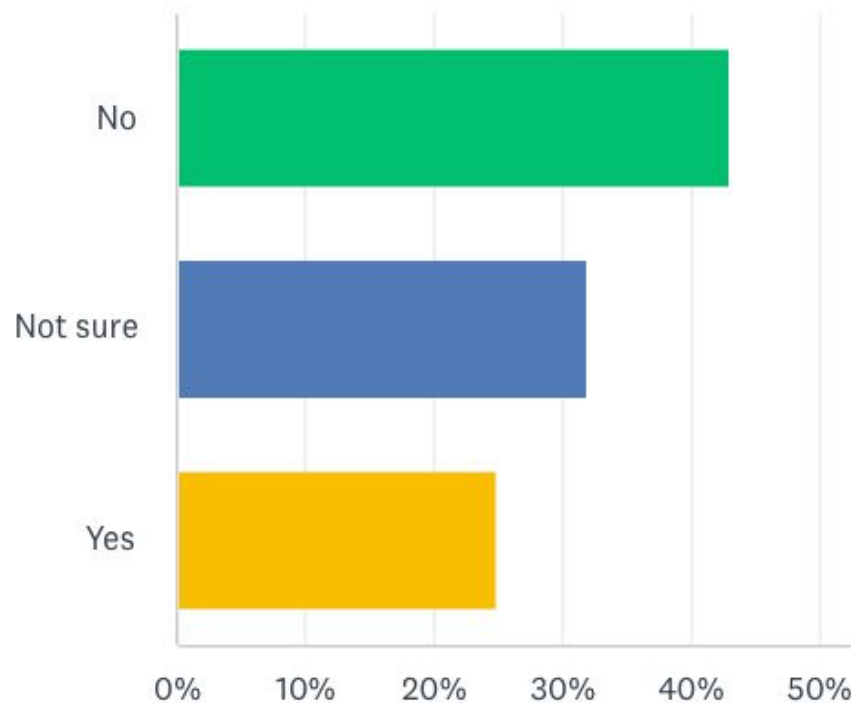
UK policymakers and investors are less influential than employees and customers

“Think about the people and organisations you interact with. How important is Sustainability to them?” (n=70)



B Corporation ambition may not be matched by readiness

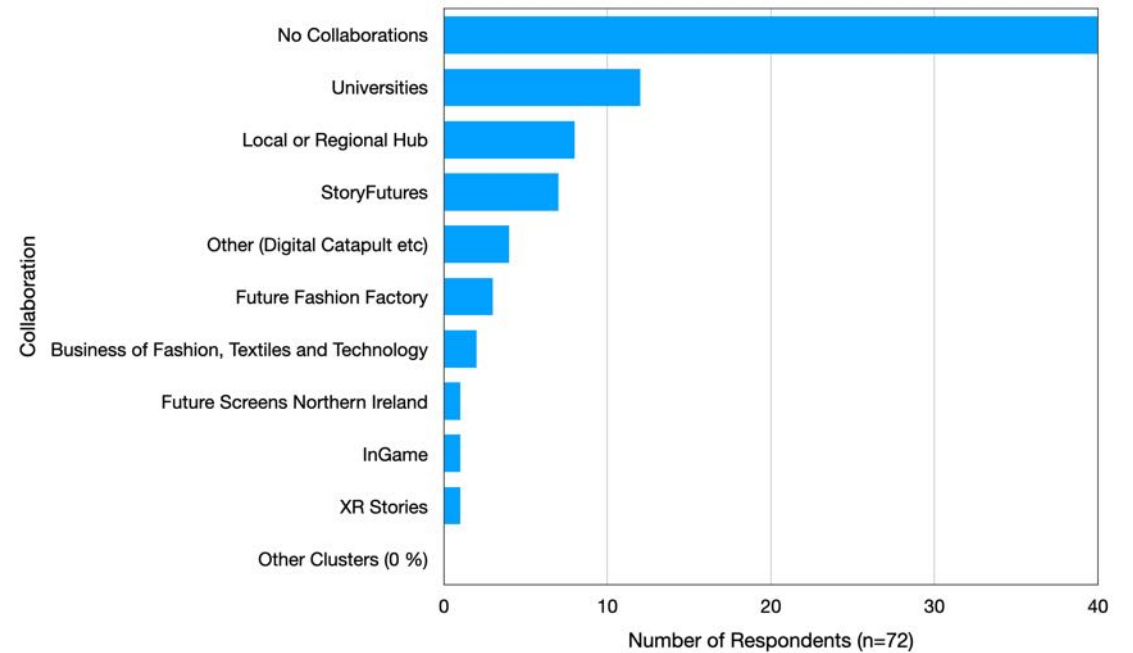
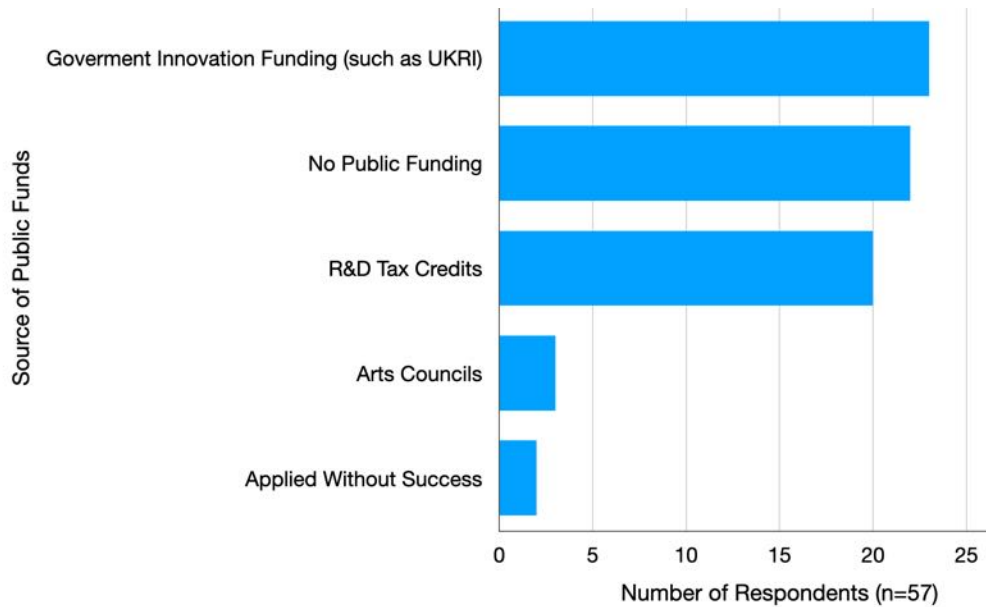
“Is your business or organisation already a B Corporation, or seeking to become one in the next few years?” (n=72)



Despite recognising the relevance of various policies, 27% stated that the associated Acts of Parliament did not apply to them

Policy Area and Associated Targets	Proportion of Respondents Seeing Some or Significant Relevance (%)
Environmental targets	77%
Decarbonisation	62%
Resource efficiency	55%
Managing waste	53%
Producer responsibility	44%
Waste enforcement and regulation	30%
Biodiversity gains	30%
Biodiversity objectives and reporting	29%
Regulation of chemicals	16%

Public funding for sustainability / technology projects is important



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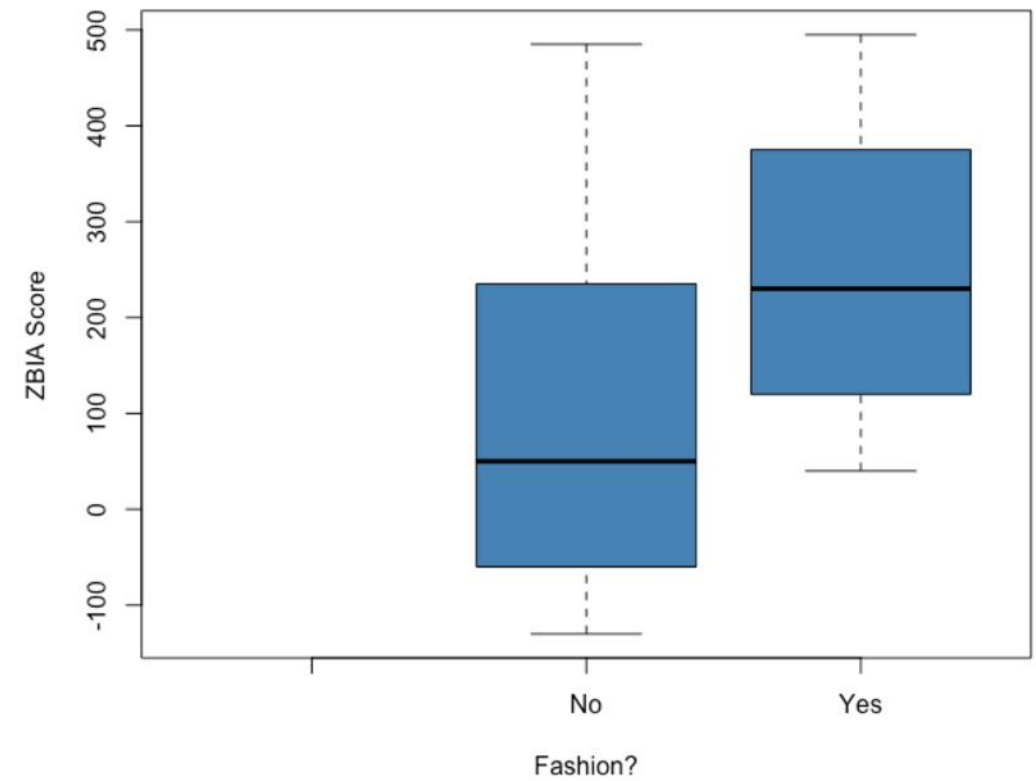
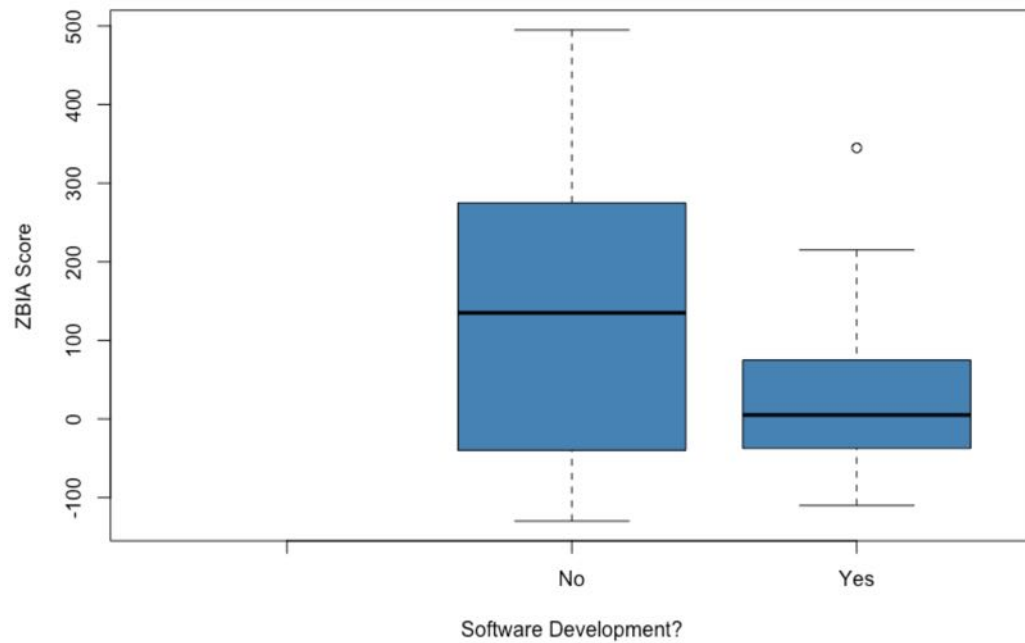
Sustainability maturity

Introducing ZBIA

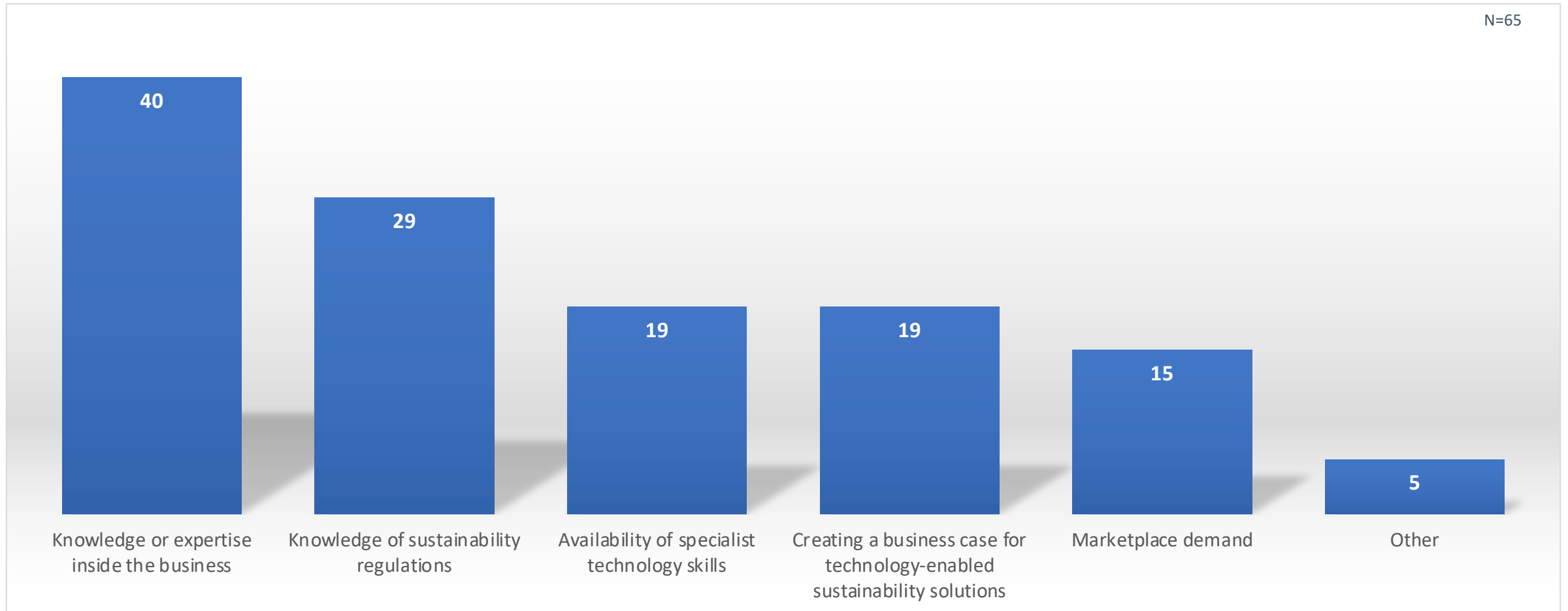
Key characteristics	Maturity Profile			
	Zero	Basic	Intermediate	Advanced
Quartiles	<i>Below lower quartile</i>	<i>Lower quartile to upper quartile</i>	<i>Upper quartile to upper decile</i>	<i>Upper decile</i>
Policies?	No policy	Policy	Policy	Policy
Responsibility?	No one responsible	Someone responsible	Someone responsible	Someone responsible
Documented Approach?	No documentation	No documentation	Documentation	Documentation
External Pressure?	No perceived external pressure	Little perceived external pressure	Much perceived pressure	Much perceived pressure
Engagement with Regulation?	Doesn't see relevance of regulations	Sees relevance of regulations	Sees relevance of regulations	Sees relevance of regulations
Measurement and Reporting?	None	Limited	Measuring progress	Measuring and reporting progress
Engagement with Initiatives?	None	Starting to engage	Engaged with industry initiatives	Engaged with multiple industry initiatives & B Corp' ambition
Use of Standards?	No	No	Starting to work with standards	Using multiple standards
Offsetting and Carbon Credits?	No	No	Uses offsets	Uses credits & offsets

	Maturity Level			
	Z	B	I	A
No of Responses	26	25	11	7
Proportion (%)	38%	36%	16%	10%

Sub-sector alignment matters



Barriers to increasing maturity



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Interview findings

Founder and CEO snapshot

- Purpose driven
- View sustainability as an opportunity with staying power
- Sustainability is personal for them
- Self-educated about sustainability
- Motivated to demonstrate their sustainability credentials
- Look to regional and local green schemes for support
- Walk a tightrope with investors to balance growth and sustainability



Investors

“Being on a list of Createch companies is great PR, but investors don’t really understand what this means.”

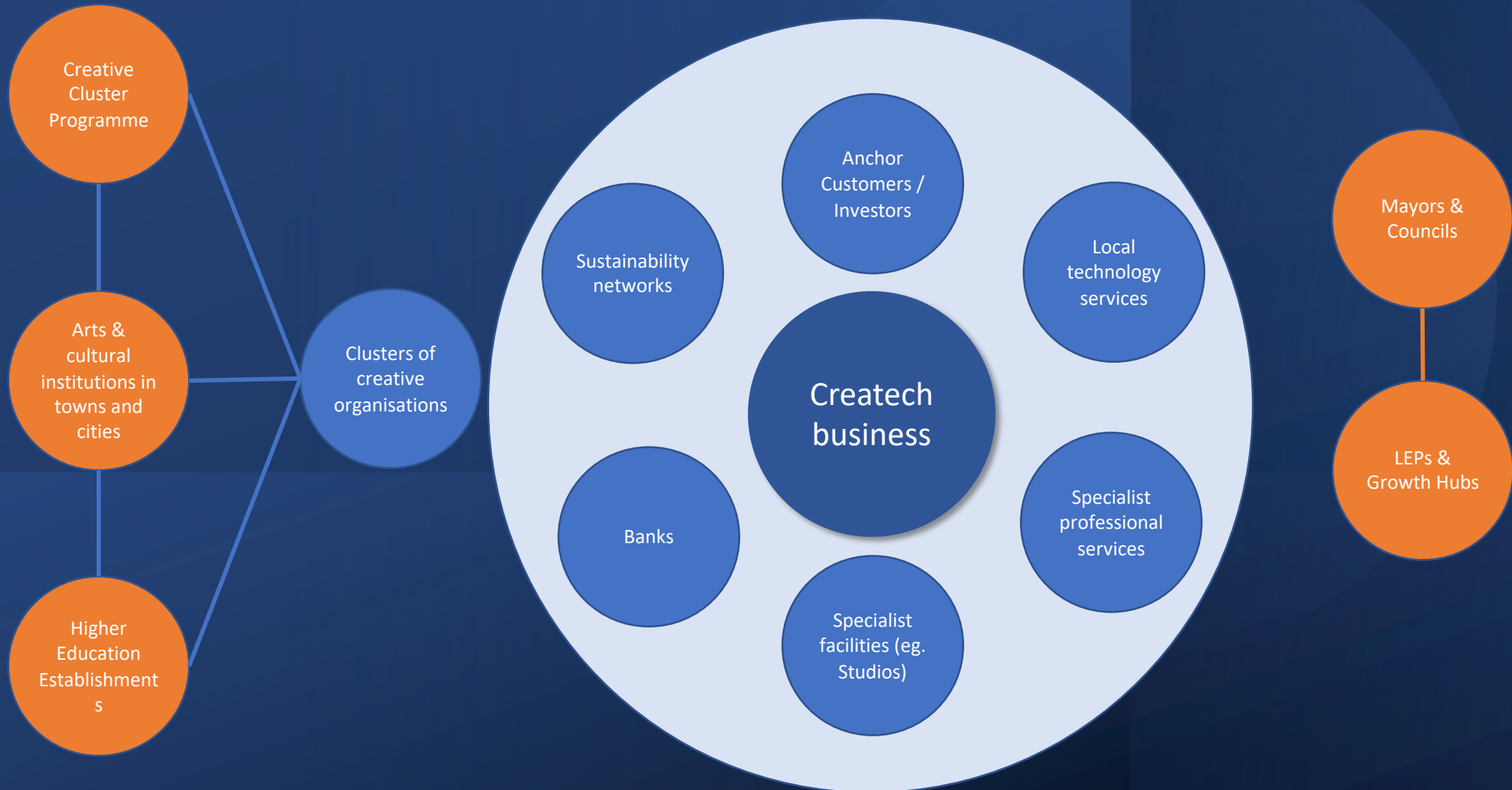
Central government policymakers

“There is a need for smaller, more creative/value-driven/adventurous firms to be taken more seriously.”

LEPs and Growth Hubs

“We don’t talk about Createch...there is nothing written either.”

Local ecosystems are important



Examples of local support for sustainability

- The Loop programme in Bristol providing low-cost support for six months
- Bristol Green Capital Partnership
- The Lambeth Net Zero Accelerator
- Somerset Business Agency providing information on setting up sustainable businesses
- Specialist sustainability support from a local organisation that InnovateUK suggested
- Mentoring support that included sustainability as part of the London Mayoral Entrepreneurs Award
- Buckinghamshire Business First providing sustainability support
- Regional Small Business Saturday events, with sustainability themes

The background is a deep blue with a complex, abstract pattern of concentric circles and radial lines, resembling a technical or scientific diagram. The word "Conclusions" is written in a large, white, sans-serif font, centered horizontally and slightly to the left of the vertical center. The overall aesthetic is futuristic and high-tech.

Conclusions

Conclusions

The growth potential of Createch brings sustainability challenges that are not acknowledged in government policy

Despite there being many creative clusters in the UK, regional and local policy is fragmented, with little recognition of Createch, and national-regional policy linkages are weak

Across the 38 LEPs in England Createch is being lost in the broad description of 'digital' or the Creative Industries as a whole, although there are signs of change

Many Createchs are at Zero or Basic sustainability maturity, and are struggling to find the sustainability support they need to improve

There is an urgent need for more robust measurement of the impact of key technologies such as the metaverse, AI and blockchain

Createchs have ambitions for third-party certification (eg. B Corp), but may underestimate the challenge

There is a gap in relevant sustainability skills and knowledge (eg. Green IT)

A refined definition helps investors and policymakers make better decisions about Createch

Recommendations

1. Adopt [Core Createch](#) as a working definition for policy discussions
2. Invest in further research to understand the extent and nature of the [Createch adjacent ecosystem](#)
3. Engage with [DCMS and the Creative Industries Policy & Evidence Centre \(PEC\)](#) to communicate the value of the Core Createch operating model
4. Develop a tool to help Createch companies assess their maturity and decide on actions
5. Develop an actionable business checklist for Createchs and [a clear, communication campaign](#) regarding the breadth of relevant UK policies and laws relevant
6. Research to [quantify the impact of Createch](#) on GHG emissions and the UK net zero targets, and visa versa
7. Establish [a forum for Createch companies](#) to discuss sustainability issues and their relevance
8. Invest in research to identify the specific [sustainability measurement and reporting](#) needs of Createch start-ups and scale-ups
9. Communicate the need for an early-stage business or 'Lite' [certification programme](#) to all relevant parties
10. Develop [a competency framework](#) for a 'creative technologist' skillset tailored to Createch needs for use by Higher Education Institutions to ensure that they are supplying the right people
11. Create a forum to allow [Createch founders to voice their opinions to government](#) on the sustainability impact of their product roadmaps and technology choices.
12. Create or adapt [a Technology Risk Level scale for Createch](#) companies that incorporates sustainability concepts.
13. [Awareness and education for LEPs](#) regarding the growth potential of Createch
14. [Review all Local Industrial Plans](#) from LEPs to ensure that Createch is included where appropriate; and
15. Further research on regional and local support in [Northern Ireland, Scotland, and Wales](#).

Report and tool available to download now



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