

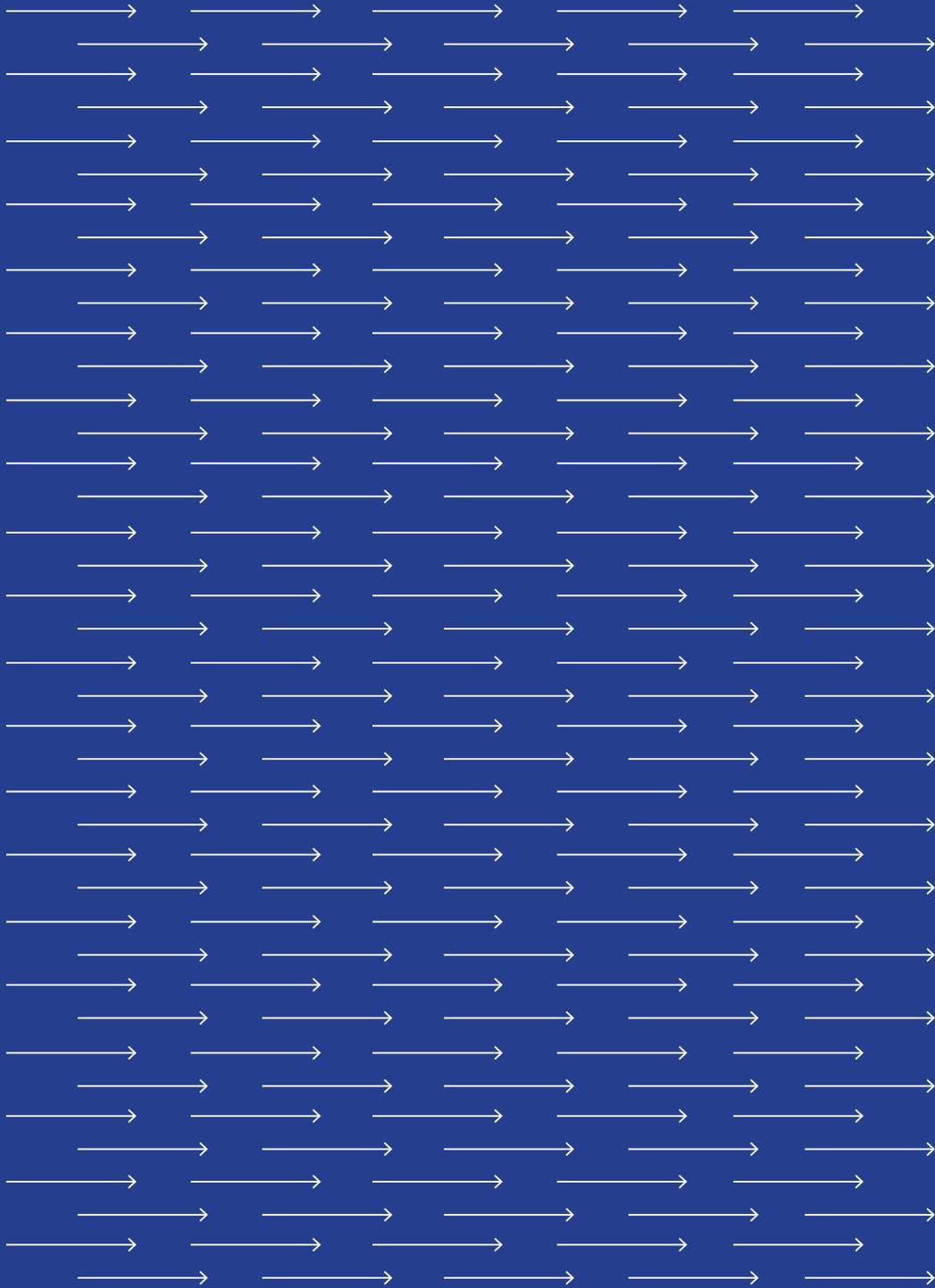
The East London Fashion Cluster



**Draft Strategy
and Action Plan**

February 2017

BOP
Consulting



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Photography Thomas Zanon-Latcher

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The vision for the East London Fashion Cluster is of a 21st century innovation quarter where fashion, technology, business and education meet; where companies compete to out-innovate each other; where they collaborate to turn heads, all over the world.

East London has a rich fashion and craft heritage, which has, in recent years shown signs of revival. The originality and vibrancy of its design culture is a recognised factor in London's distinctiveness as a world fashion capital. And London as a fashion capital sits in the context of a world fashion industry worth an estimated US\$3 trillion per annum.

This is a huge, export-driven sector of regional, national and global importance, but one that is sometimes perceived as an esoteric and 'cottage' industry. The direct value of the UK fashion industry to the UK economy is estimated at £28.1 billion – twice that of the automotive or chemicals industries. Fashion's total contribution to GDP is in excess of £50 billion – equivalent to 2.7% of UK GDP.

The scale of this opportunity means that there is no better sectoral or industry candidate in which to undertake a value chain analysis and propose innovations across that chain.

Fashion in East London can capitalise on its location in the heart of the UK's knowledge economy to focus on its strengths in generation of IP. Bringing together fashion and technology sectors will stimulate a 'pull through' of innovations in digital manufacturing that will have wider applications in other sectors. The current disruption of markets by digital technology and changing patterns of world trade means there will be no greater moment for the fashion industry to come together, demonstrate it understands its own structural issues and can bring forward innovative yet soundly based solutions for its own growth.

This report sets out how the fashion industry can skip a generation and lay the ground for London to be the undisputed world creative fashion capital by 2050.

London College of Fashion (LCF) is moving to East London as part of the development of a new Cultural Education District (CED) on the Queen Elizabeth Olympic Park. Building on the legacy of the London 2012 Olympic and Paralympic Games, the development consolidates LCF's six existing sites into one new, purpose-built campus. It is a fantastic opportunity to secure its position as a global leader in fashion education, research, business incubation and social responsibility. It also places a duty on the College to contribute to the positive place-making, participation, economic, educational and social outcomes that CED is expected to deliver in an area of continuing social and economic deprivation, in spite of the success of the Olympics.

LCF's move has triggered the opportunity to develop a wholly new environment for fashion innovation and a new destination for investment in fashion business in the UK. LCF will bring a global talent base to catalyse existing and emerging production corridors across East London and the Upper Lea Valley that are already witnessing the re-emergence of fashion manufacturing, reversing a trend of decades of decline.

The role of creative industries in driving economic growth, particularly in London, is well documented; less well understood is the scale, scope and potential of the UK fashion sector. With annual output of £28 billion, it represents 22.2% of all retail GVA and 2.5% of UK manufacturing output. London is the centre of the UK industry, and a recognised world fashion capital. It is the fulcrum of the UK's participation in a global market worth an estimated US\$3 trillion a year. The purpose of this piece of work was therefore to explore these issues, and in particular to understand the perceived revival of fashion in East London; to explore how LCF's move might amplify some of these trends; and to see how the establishment of a dedicated organisation, the East London Fashion Cluster, could serve to accelerate growth and clear away the barriers to growth. The study was commissioned jointly by LCF and Greater London Authority (GLA), as both parties were interested in exploring how the rebirth of the fashion sector in East London could be accelerated by its proximity to other centres of knowledge capital.

But, in common with the rest of the city, East London faces a range of structural issues around access to workspace, finance and skills. The success of other sectors of the knowledge economy has exacerbated the conflict between the need to increase the supply of housing and to safeguard business premises. Existing fashion businesses in East London face a real risk of displacement, and with it their dislocation from a local workforce with the

specialist skills needed to support high-end fashion manufacturing. Brexit, and the threat it represents to freedom of movement for students and skilled workers coming from other EU countries is a real concern to employers.

Fashion operates in global markets that are impacted by current geopolitical volatility. The potential imposition of tariff and non-tariff barriers to trade with Europe, and threats to free trade arrangements elsewhere in the world, could impose real constraints on what is an export-led sector.

Failure to address these barriers could lead to further tightening of labour supply and increasing costs of inputs that threaten the survival of specialist fashion manufacturing in East London. This would in turn have a negative impact on the ability of new designers to translate their creative ideas into new collections; and undermine the ability of LCF and other fashion colleges to continue to recruit the overseas students who are both a source of income, new ideas and new businesses. The ratchet effect of loss of capacity, opportunity and reputation could ultimately threaten London's status as a world fashion city.

Despite these risks, our research to date suggests that fashion design and retail are growing strongly in East London – more strongly than across the rest of the city - and that value added manufacturing is returning to growth after decades of decline. Fashion in East London and the Upper Lea Valley now contributes £1.4 billion to London's economy and employs more than 36,000 people. It's growing faster than the rest of London's economy – output increased by 57 percent over the period 2010 to 2015, whilst an additional 10,900 jobs were created. And East London is driving the growth of fashion design, retail and manufacturing for the city, with an ever-increasing proportion of the capital's fashion enterprises and employment now located in this quarter.

A number of recent initiatives could further accelerate some of these trends. Private sector investment in skills through projects such as the Fashion Technology Alliance and the Stitch Academy at Hackney Walk is being met by public sector support for the creation of new spaces for fashion retail and enterprise, including Hackney Walk itself, specialist manufacturing facilities at Building Bloqs in Enfield, and Fashioning Poplar, a project initiated by Poplar HARCA, LCF and The Trampery to convert disused garages into manufacturing space, studios, and training space for use by students, designers and ex-offenders to promote opportunities for local residents to develop craft and business skills and create new fashion enterprises. Plexal, an accelerator for fashion and Internet of Things start ups, established by the founders of successful fintech incubator Level 39, will open at Here East in June 2017.

GLA is now facilitating a cluster plan with clear benefits for the fashion sector and for the London communities in which it sits. The proposition for an East London Fashion Cluster (ELFC) has been arrived at in consultation with industry and local partners. It will work in partnership with industry, education and local authorities to address the structural challenges and information failures that limit productivity, investment and growth in many fashion businesses. It aims to accelerate the growth of the fashion sector in East London; secure the supply of local and graduate talent and focus the role of education, research and knowledge exchange on innovation and creative inputs.

There is an opportunity here to demonstrate 'smart specialisation' – reimagining London's fashion sector as a globally significant digital manufacturing cluster that outcompetes other cities, increases high value employment opportunities and drives inward investment.

The challenge of building and sustaining a productive, high-growth and job-creating fashion sector in London is to **increase the absorptive capacity for innovation** across all parts of the fashion supply chain. To achieve this, ELFC will harness London's capacity as the knowledge and technology capital of the UK to its global reputation for excellence in fashion design and creativity. This will be achieved by increasing knowledge exchange both between fashion businesses and with other technology, creative and business service sectors. It will focus on the potential for interdisciplinary innovation and growth in fashion in East London as a way to multiply the opportunities for skilled employment and increasing wealth for its citizens.

Led and coordinated by LCF and representing businesses from every sub-sector of the UK fashion industry, ELFC will offer the unique combination of a dedicated world class hub for fashion education, design, business and technological innovation within an established cluster of educational, technology and cultural institutions.

The incubation of new companies, business models and support for innovation in products and services that result will emphasise that the design and creative inputs of fashion, and its huge global reach, are as much a driver of innovation in the development of new products and services as science and technology. This creates the opportunity to reimagine the fashion sector in London as a creatively-led digital manufacturing cluster; which in turn will help redefine it as a source of new opportunities for investment.

ELFC will protect, grow and project London's reputation as a global fashion capital. In the process, it will initiate a model for change with the potential to transform the competitiveness and productivity of the fashion and textile industry in London and across the UK to allow the sector to be properly valued as part of a 21st century knowledge economy. The partners have already begun to sound out regional partners to see if there is an appetite for a national sector / industry plan.

ELFC will coordinate and signal the different offers of specialist business support, skills development, network capability and funding available across East London. In doing so it will help provide fashion businesses with the workforce, premises, R&D capacity and working capital needed to retain talent, secure local growth and identify and exploit new intellectual property to produce the new products needed to compete in international markets and to ensure the sustained growth and profitability of the sector.

1.1 —————>

Vision statement for ELFC

'A cluster where fashion, technology, business and education meet. Where companies compete to out-innovate each other; where they collaborate to turn heads, all over the world.'

'A cluster that enlivens our culture and expands our economy. And builds on our industrial heritage and the Olympic legacy to bring new life to London.'

'The East London Fashion Cluster will bring together manufacturers, surface decoration textile studios, garment technology labs, designer showrooms and ateliers, digital creative agencies, journalists, stylists, media labs, technology providers, and entrepreneurs.'

'As the distinction between technology, engineering and creative sectors becomes more blurred the potential becomes even more exciting. The intersection between these disciplines could reinvent the future of retail or take more UK brands into the smart materials market.'

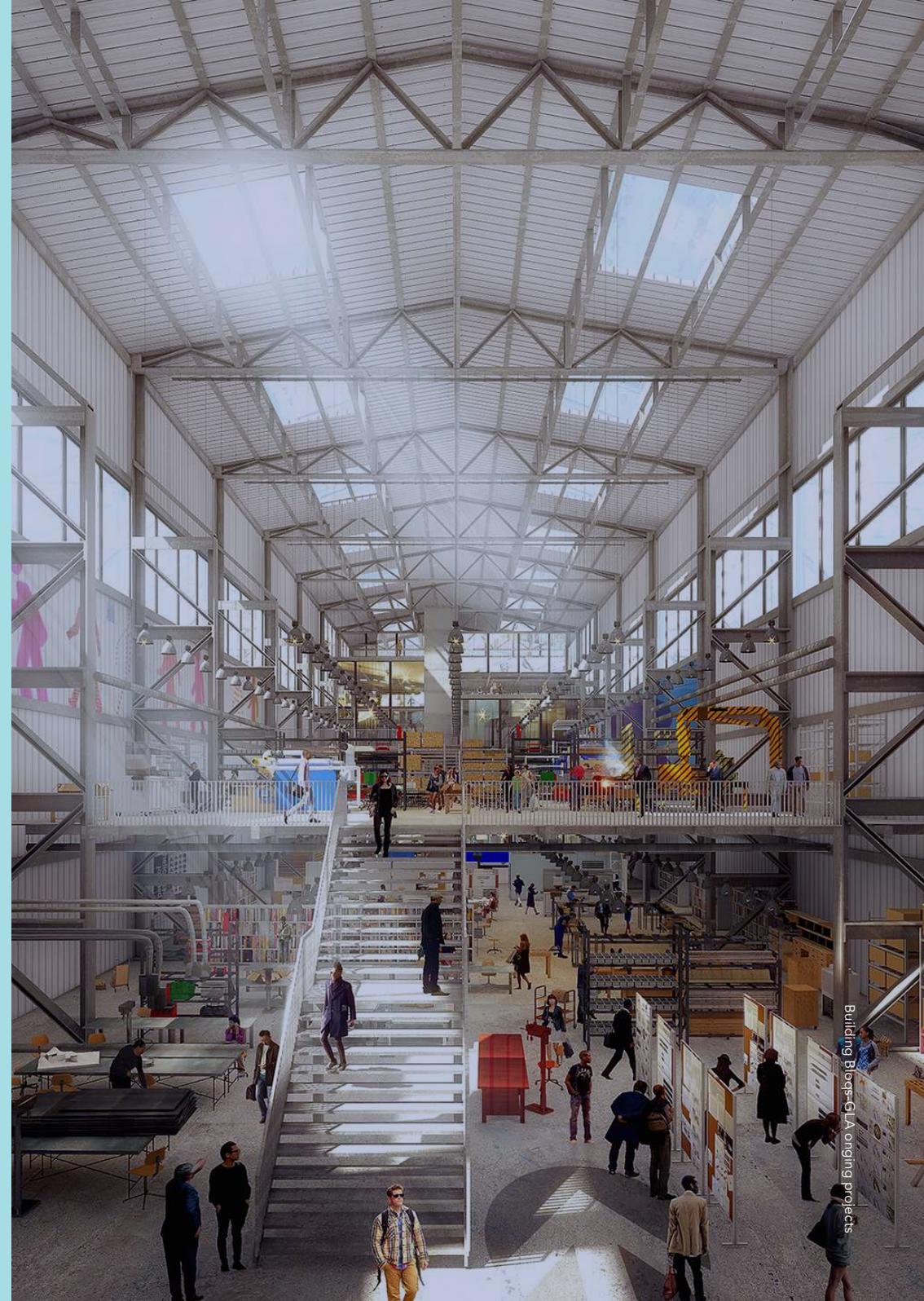
The East London Fashion Cluster: Refashioning East London. Revitalising the UK London College of Fashion, 2016

Its aim is to re-establish London as the **World Creative Fashion Capital**, reinforcing its global reputation for creativity through innovation and investment in the following way:

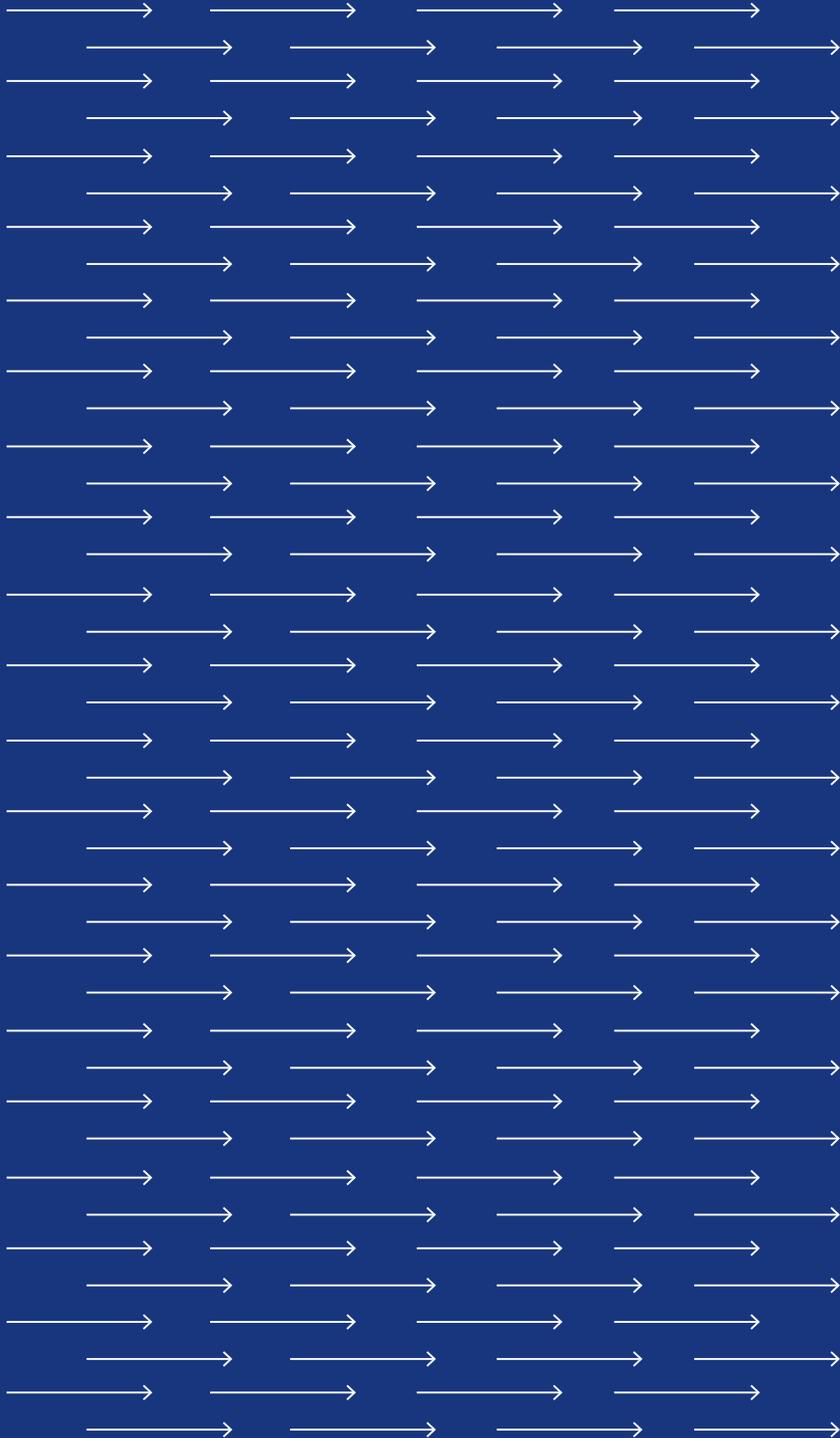
'Young designers and new, younger fashion consumers interact through 'omnichannel' retail experiences, playing to London's strengths in both creativity and digital industries.'

'Increased collaboration between fashion designers and other creative and tech agencies transforms the sector's relationship with external investors, releasing capital for further innovation and growth.'

'Bolstered by the presence of world-leading resources to support technical and market innovation, London undergoes a creative fashion renaissance that cements its position as the world's Creative Fashion Capital.'



2 STRATEGIC CASE



2.1 —————>

Introduction to the commission

London is one of the world's acknowledged 'fashion capitals' – alongside Paris, Milan and New York. This is a huge, export-driven sector of regional, national and global importance, but one that is sometimes perceived as an esoteric and 'cottage' industry; and one whose importance has arguably been subsumed within discussion of the wider 'creative industries' in a policy context in London.

London has an international reputation for cutting edge design – reflected in the fact that three of the world's top five fashion schools are located in the capital¹⁴, with a strong international element: two-thirds of LCF fashion design students are non-UK nationals. There are twenty higher education institutions offering fashion design courses in London.

Historically, inner East London was home to 'the rag trade.' The 'move East' of London's creative industries, a trend accelerated in recent years by rising property prices in the West End and the development of Tech City, began fifty years ago as photographers, advertising agencies and other creative services began to explore warehouses and lofts in Clerkenwell and Shoreditch as a source of cheaper accommodation close to their fashion clients in the East End. That shift has been instrumental in London's emergence as the fulcrum of the UK's knowledge economy. East London now benefits from a blend of deep specialisms and global market penetration in finance, technology and creativity; attributes that can be recombined with centuries of heritage craft to produce new products, new processes and to reinforce the role of London as a global fashion hub.

2.2 —————>

LCF as a catalyst

'It is as important for a region to have a strong story to tell about innovation (in order to attract the necessary mass of new inputs to achieve it) as to have a clear policy to support R&D.'

Charles Leadbeater

Global markets demand innovation. The relocation of LCF, its 5,700 students and three schools (Fashion Business School, School of Design & Technology and School of Media & Communication) to an Educational / R&D hub, the Cultural Education District (CED) on Stratford Waterfront, will catalyse development of an international hub for design and fashion technology, and retail innovation. It provides East London with a great 'story' for the global fashion industry.

An £800 million public-private partnership, CED will transform the environment for fashion innovation in the UK. The short-term benefits of the relocation of LCF, alongside University College London, the Victoria & Albert Museum, and adding to the existing presence of education and research institutions on Queen Elizabeth Olympic Park including Birkbeck, of Loughborough University London (LUL), Here East, BT Sport and Studio Wayne McGregor, will have a multiplier effect on the rest of East London. In the process it will underpin the status of London as a creative world fashion capital and act as the beacon of a new Thames Gateway Production Corridor.

LCF's presence will be both a physical representation of the scale and ambition of London's fashion industries and a hub for their global expansion. And where LCF has led, others will follow. LCF will provide businesses with access to emerging technologies, attracting investment from fashion and technology companies (and new investors) with the scale and infrastructure to move quickly into new markets that will in turn create opportunities for fast-moving and innovative SMEs. The offer will encourage more of the thousands of fashion students who graduate each year in London to remain in the city, confident that they will enjoy a wealth and range of opportunities that match and go beyond those available to them in other 'fashion cities' worldwide.



Hackney Walk Store Fronts

2.3 —————>

Proposals for an East London Fashion Cluster

Proposals to establish a dedicated organisation - ELFC – to coordinate fashion sector initiatives and communicate them to industry present a opportunity to look at whether the fashion sector in London is meeting its global potential.

To make the case for ELFC we need to reflect the discrete economic, structural and reputational factors that afford London the status of a world fashion capital, and indicate where there may be barriers to growth. This will take into account:

- Current economic performance: size and output of the sector, structural factors affecting its growth
- International reputation: London Fashion Weeks, major fashion brands, export performance, the penetration of UK fashion design, manufacturing and services in international markets
- Heritage of craft skills, design and high-end fashion manufacturing expertise in East London 'core': Hackney, Tower Hamlets, Newham
- Wider effects - how could that transformation result in inclusive growth in the Olympic Park and surrounding areas of East London and the Upper Lea Valley?

The strategy aims to:

- Create the right business and educational conditions for East London to become the UK and Europe's leading fashion district
- Stimulate the individual capacities of companies and institutions to create new possibilities, make new connections and tell a collective story
- Act as exemplar for sector development activity across London
- Provide the hub of a network of UK fashion clusters

2.4 —————>

Rationale for fashion

Fashion is a major global industry. The global apparel market is valued at between US\$2.4 trillion^{2/} and US\$3 trillion and accounts for 2 percent of the world's Gross Domestic Product (GDP). 57.8 million people are employed in clothing and textiles worldwide – 24.8 million of those in apparel manufacture.^{3/}

This is a huge, export-driven sector of regional, national and global importance, but one that is sometimes perceived as an esoteric and 'cottage' industry. The direct value of the UK fashion industry to the UK economy is estimated at £28.1 billion – twice that of the automotive or chemicals industries. Fashion's total contribution to GDP is in excess of £50 billion – equivalent to 2.7% of UK GDP.^{4/}

Estimates of employment in fashion in the UK range from 555,000 (Fashion United) to 880,000 (BFC/ Oxford Economics 2016). Although retail makes up the largest proportion of this, that sub-sector includes a host of strategic, management, supply chain and design roles as well as the staff within high street stores. In the UK, 'the High Street', in the form of large, vertically integrated retail concerns, dominates the fashion landscape – we explore the implications of this in more detail below. Fashion's value chain covers education, design, manufacturing, distribution, textiles, wider creative, media and marketing service sectors and links to innovation in physical and online experiences, materials and technology (see Figure 1, below).

London is not only the creative and commercial centre of the UK's fashion industry; it is one of the world's acknowledged 'fashion capitals', renowned for the originality of its design.

2.5 →

Definition of fashion industry

Our definition of the fashion sector is based on the methodology developed by Oxford Economics for the British Fashion Council's *Value of Fashion* report:

Core design and manufacturing sectors	Wider supply chain
<ul style="list-style-type: none"> - Designer and 'couture' fashion, bespoke tailoring, - Womenswear, menswear, childrenswear, lingerie - Knitwear, footwear, bags and luggage, jewellery and watches, accessories, eyewear, millinery - Sportswear, sports kit, streetwear - Uniforms, workwear, denim - Cosmetics, perfume and hair products 	<ul style="list-style-type: none"> - Fashion retail (the major employer); Wholesale - Digital manufacturing - Textiles - Education – in design, technical, marketing, production, fashion journalism, buying and merchandising - Creative services – photography, hair and make-up, styling, creative direction - Marketing - Media - Research and innovation – including wearables, technical textiles and innovation in retail experiences both online and in a range of physical environments

Figure 1 definition of the fashion sector

The role of the High Street in UK fashion

High Street retailers play a central and critical role in the UK fashion industry. Their influence, and price-driven competition between domestically-owned household names such as Arcadia (Top Shop), John Lewis, Marks & Spencer and Next, along with foreign-owned groups such as Inditex (Zara), shapes the UK fashion supply chain. This means that London as a fashion capital is structurally different from other centres, such as Milan and Paris, where fashion and luxury goods labels - and the major conglomerates that own them, such as LVMH, Kering and Richemont - are the major driver of trends and demand.

LVMH	Kering	Richemont
Céline, Donna Karan, Emilio Pucci, Fendi, Givenchy, Kenzo.	Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, MCO, Brioni, Balenciaga, Christopher Kane, Stella McCartney	Azzedine Alaïa, Baume & Mercier, Cartier, Chloé, Dunhill

Figure 2. Examples of major fashion brands

An export-led sector

Although separate figures for London are not available, UK textiles and apparel exports were worth £8.5 billion in 2015, up from £6.2bn in 2010. Apparel exports, with strong growth in Asian and North American markets increased to almost £5.8bn – a £2.1 billion (37 percent) increase on 2010.⁵⁷

In comparison, only 6% of the value of UK fashion retail sales is domestically manufactured.

2.6 →

Global trends

Trends

There are a number of 'macro' influences on the strategy:

- Uncertainties in the external environment
- Emergence of new markets
- Changing patterns of consumer behaviour
- Physical and online retail pulling innovation through the fashion supply chain – whether through brand management, digitisation, channel convergence or sustainability

Fashion is a global business

Analysis of current trends identifies a number of key international markets:

- Established trading partners in North America and Western Europe
- Developed and innovative fashion markets in Japan and South Korea
- Emerging nations of China and India
- Growth in 'megacities' with populations of 25 million or more across Asia, Africa and South America
- 'Gateway' markets and potential collaborators in other emerging fashion cities such as Dubai

Digital disruption, converging platforms, diverse audiences

Digital technologies reshape markets and value chains for fashion content and information, leading to an opportunity for innovative businesses to create value added services, applications and products. ICT forms the enabling element that brings to market these services, applications and products across all sectors through production, distribution and e-commerce.

International studies reveal changing patterns of consumer behaviour. The response of 'physical' and online retailers pulls innovation through the fashion supply chain, and drives the creation of new business models for brands and designers. Consumers now engage with a mixture of physical and online retail environments. These vary from dedicated resource – high street and independent retailers and online platforms such as Asos, Boohoo and Farfetch, all targeted on discrete market sub-sectors - to other social media platforms that now represent an important part of the 'real estate' for fashion retail: eg Pinterest, Instagram hashtags.

As much as a physical product, fashion is now part of the 'experience economy'. Consumers – particularly younger ones – expect online and high street retail environments to reflect one another, and to see new product each time they visit either the website or a physical store. The increased frequency of visits is reflected in a much faster cycle of new product development and launches. This means that the supply chain needs to respond more quickly and accurately to signals of consumer demand; with physical product distributed over a more dispersed range of platforms and market sub-sectors.



Figure 3 'Omni-channel' retailing as an example of channel convergence and market specialisation

This convergence of online and physical ‘channels’, and of physical and digital content, disrupts the entire business model and value chain of fashion. Designers and producers need access to up to date information and sophisticated analysis of trends and demand within increasingly specialised and divergent sub-sectors of the fashion market in order to respond quickly enough to take advantage of these market signals and to move themselves up the value chain in order to become more profitable. This presents a huge challenge to the existing fashion supply chain in London, whose digital skills and use of technology are inadequate to the challenge.

Digital technology and making

Digital technologies and ‘making’ are strategic drivers for the fashion sector. The increasing influence of technology and the rise of co-working and membership model workspaces such as Impact Hubs and Makerversity is reflected in the emergence of a new generation of fashion start ups using 3D printing, big data and wearable technology. These include:

- Unmade, whose high-tech knitwear is inspired by 3D printing;
- Fits.me, an online service that takes details of a customer’s body shape and creates a 3D model to help people figure out how clothes will fit their body shape without having to actually try them on in the real world, was purchased by Japanese e-commerce company Rakuten in 2015;
- Vinaya, whose Altruis X bracelet promises ‘wearable wellbeing’.

The development of London’s fashion sector is interdependent with continuing innovation in and application of software, digital technology and advanced materials technology at all levels, from education to design to production to innovation.

Leveraging East London’s digital and creative cluster

Digital content and branding are increasingly important in establishing a competitive – which, for UK designers means international – market presence. (UK produced fashion currently represents only 6% of the total value of UK fashion sales.) The need for collaboration with creative and digital marketing agencies to create this ‘omni-channel’ customer experience goes far beyond marketing and PR for ‘traditional’ stores and twice-yearly seasonal collections. Continuing adoption of digital technology and development of a range of software skills across the supply chain is essential to growth and sustainability of the fashion industry.

Whilst they represent part of the competition for space and talent for the fashion industry, the growth of TechCity and the resulting agglomeration of creative services businesses and digital agencies are also an opportunity and a potential model for development of the fashion sector. Designers and producers can benefit from proximity to their expertise in creating the technology and assets to drive growth through business models in which platforms for manufacturing and distribution are converging whilst market sub-sectors are diverging. In the process, this engagement can help address digital skills gaps in fashion.

Innovation on the high street

Not all retail innovation happens online. High Street stores recognise that the remaining cost savings to be driven out of ‘offshoring’ are marginal – but in a time of soaring business rates and inflationary pressures are still trying to find ways to reduce costs, whilst competing with online platforms. The case study below illustrates one way in which major retailers are adopting ‘omni-channel’ strategies:

Retail innovation to address increasing property costs and digital competition

John Lewis has been experimenting with significantly smaller stores in which customers can place online orders. “We can now consider opening shops in areas that were not always thought feasible for a traditional John Lewis building,” says Andy Street, managing director of John Lewis

McKinsey & Co (2014) Succeeding in tomorrow’s global fashion market

Figure 4 Retail innovation to address increasing property costs and digital competition

The resulting smaller environment may feel more like an independent store, with a more ‘curated’ approach that could generate demand for ‘affordable quality’ and leading edge pieces that could favour independent UK designers.

World Class Skills

“The creative industries now probably involve greater complexity, and greater management input, than any traditional sector. They are the antithesis of ‘Fordism’ – traditional mass production for a uniform consumer market – and, increasingly, the focus of large-scale capital investment. This suggests that important as are creative industries outputs – creative products – what may in the long-term be most notable are the creative industries processes involving innovation and customisation. Creative industries inputs – notably creative labour itself – may be the key factor.”

(GLA, 2004)

London has long understood that availability of a skilled workforce is the key factor in inward investment decisions in this sector. In order to compete in a global market for talent, London will have to attract and retain individuals with high level qualifications and relevant specialist skills. In this, the region’s Higher Education Institutions will play a critical role.

However, the sector is now seeing indications of shortages in essential creative, production and technical disciplines – notably around specialised manufacturing skills. – that are only likely to be exacerbated by the threat to free movement of labour raised by Brexit. At present, London is a global entrepot for fashion design, with 67% of LCF’s fashion students arriving here from other countries. Many graduates are attracted by the greater breadth of career opportunities currently available to them in London, including the potential to set up their own businesses. Skills developed in London are also in demand from other established fashion capitals, and from fast-growing clusters in emerging markets such as Dubai.

Changing workplaces

The fashion hub at Hackney Walk is an example of commercial development that is looking to encourage more flexible use of spaces to support the growth of new fashion brands. Increasing utilisation of pop-up stores and shared workspace helps reduce cost and risk for new designers – whilst also giving them a foothold for more experimental collections in the midst of a retail environment anchored by major brands such as Burberry and Nike.

Competitor cities

Rival cities are not resting on their laurels, of course – major fashion cities are all seeking to grow their share of the global market. New York is directly investing large sums at city and national level, and leveraging significant private investment in the process, in attempts to grow an innovative fashion design and manufacturing cluster. Dubai is investing heavily in its Digital Design District, seeking to identify itself as a global hub for design-led IP and retail innovation. Istanbul is accessing EU funding to move their apparel and textile sectors away from the associations of being a ‘low cost’ producer and up the value chain through increasing the quality and design input of their end product. And cities like Milan and Los Angeles, which in their different ways demonstrate the benefits of decades of industry-led coordination of a vertically-integrated fashion sector, are seeking to adopt the benefits of new technology and a start-up mentality from their neighbouring tech clusters.

At the same time, low-cost producers in emerging economies are facing pressures including rising commodity costs, rising middle class staff costs and increased scrutiny of labour practices and supply chain sustainability. Their response is to steer a course away from ‘red oceans’ of intense competition for low cost production. The desire of the Chinese government to increase the design content of locally manufactured goods, and efforts of cities like Istanbul to capture more of the added value within the garments they produce, are a conscious attempt by competitors to move up the value chain – a potential competitive threat to the perception of London as the fashion capital that adds most value through design.

Ethical and sustainable fashion

Concerns around the sustainability and work conditions associated with ‘fast fashion’ have led to the emergence of a new type of consumer type, increasingly conscious and inquisitive of where and how their clothes are made.

This is reflected in different forms across the fashion supply chain:

- Specialist brands such as People Tree, producing Fair Trade and environmentally sustainable clothing
- Mainstream brands including Monsoon are keen to promote ‘ethical trading’ – Monsoon has its own ethical compliance team and a Code of Conduct which sets out minimum requirements on working conditions, pay and employment rights for its suppliers;
- Online fashion brands have sought to deflect criticism of the negative environmental and social impacts of ‘fast fashion’ by creating niche brands, such as ASOS Eco Edit, that promote ‘ethically conscious’ British brands, craft goods and ‘upcycled’ vintage clothing under a ‘sustainable banner’

Disciplines

- The trends above all highlight the global and interconnected workings of the fashion industry. That emphasises the need for all elements of the fashion sector in East London to come together in a concerted way to address challenges and market opportunities. Many of these require a hybrid response – simply addressing technology, design, brand, or manufacturing in isolation will not provide a solution.
- McKinsey^{6/} identifies three disciplines in which fashion companies need to succeed:
- Global-local brand management – the internationalisation plan within the strategy depends on the ability of London and its fashion companies need to clearly differentiate their offer, to re-invest in the brand value of London as the world’s creative fashion capital.
- New shopping experience – changing the concept, design and even location of stores (cf John Lewis case study above)
- Multichannel strategy - our illustration of omnichannel retailing (below) highlights some of the behavioural changes that result

Together, these challenges clearly demonstrate that fashion companies need to expand their view of the skills they need. Smaller companies, in particular, should not necessarily expect to acquire the capacity to directly employ all the specialist skills required; but they will need better information about capacity available in education, in suppliers, in competitors and in service companies to help them thrive in this multichannel environment.

Section 2 Footnotes

^{1/} <http://fashionista.com/2016/06/best-fashion-colleges-2016>

^{2/} McKinsey & Co (2016). Global Fashion Index <http://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion>.

^{3/} Fashion United (2016). <https://fashionunited.com/global-fashion-industry-statistics>

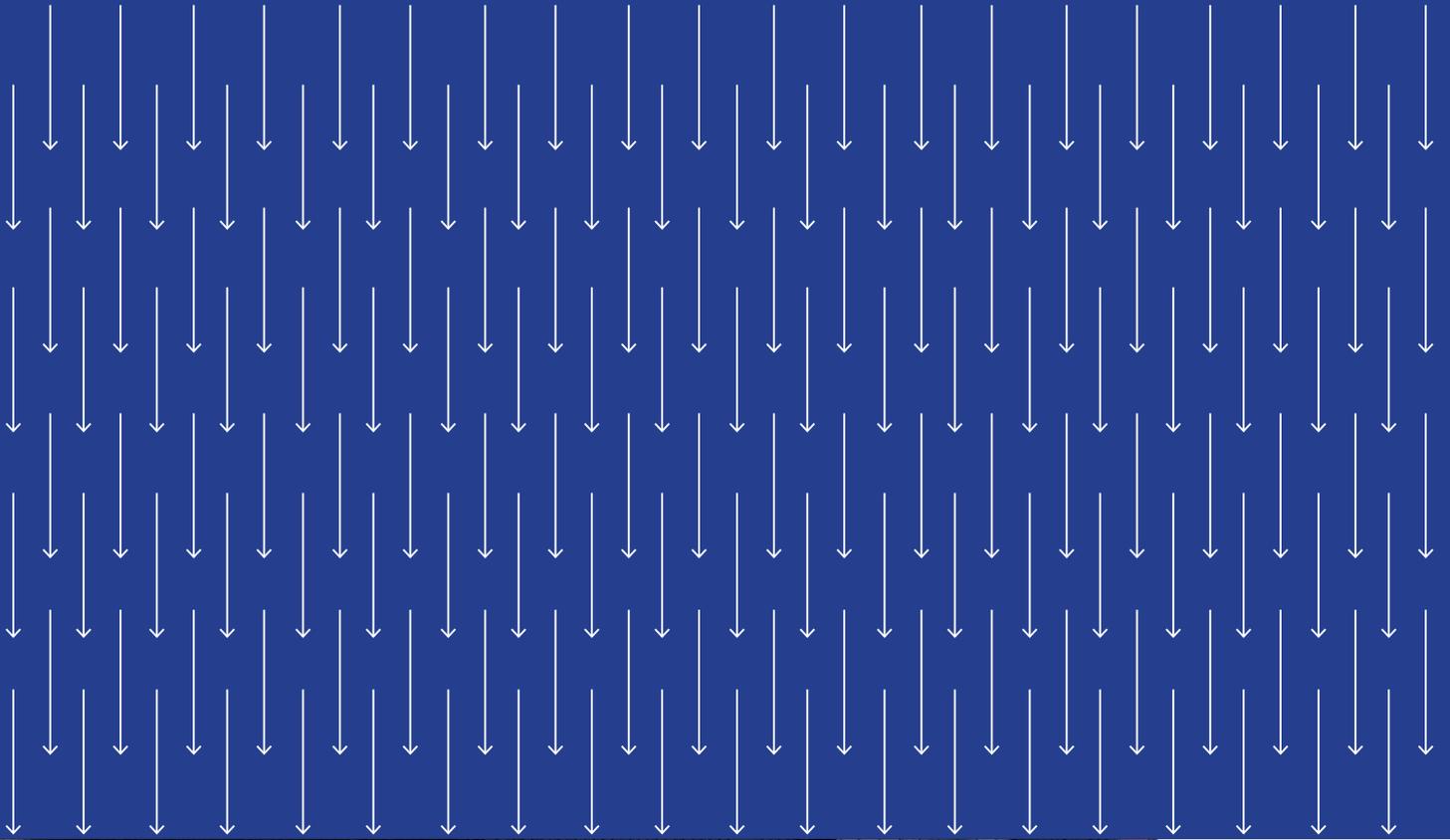
^{4/} British Fashion Council and Oxford Economics (2016). The Value of the UK Fashion Industry

^{5/} UKFT (2016). Compendium of UK textiles and apparel manufacturing data.

^{6/} McKinsey & Company and The Business of Fashion (2016). The state of fashion. <http://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion>

BASELINE DATA

The East London Fashion Cluster



Anya Hindmarch, Hackney Walk, Exterior

Analysis of the statistical base supported the perception of growth in East London's fashion sector:

Inner East London remains the core of the fashion district:

3.1 →

The fashion sector in East London and Upper Lea Valley

Our review of employment and output statistics, supports anecdotal evidence of growth in the fashion sector in East London, led by retail employment at Westfield, the emergence of Hackney as a design powerhouse and a re-emergence and reshoring of value-added manufacturing across East London and Upper Lea Valley.

Key findings

Findings of the study confirm that if London is to continue to support world leading creative designers and to grow fashion as a broadly-based employment sector including a sizeable number of jobs in manufacturing, there is an urgent need to build capacity, and promote innovation and resilience across the whole value chain.

Fashion contributes over £1.4 billion in GVA and 36,000 jobs to the economy of East London and the Upper Lea Valley.

- There is a clear concentration of Specialist Design Services in East London, with strong Manufacturing growth in the Upper Lea Valley; despite its structural challenges, manufacturing is the fastest growing fashion sub-sector, with a 94% increase in employment and 128% increase in GVA between 2010 and 2015.
- Fashion manufacturers currently lack appropriate skills for 21st century - from basic software to garment technology skills and utilisation of emerging equipment/digital fabrication methods
- Fashion Designers suffer from a systemic lack of access to finance to stem crucial gaps in cashflow, along with issues between young designers and manufacturers are strained largely due to this, and lack of practical experience

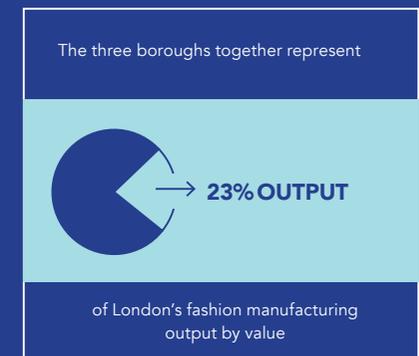
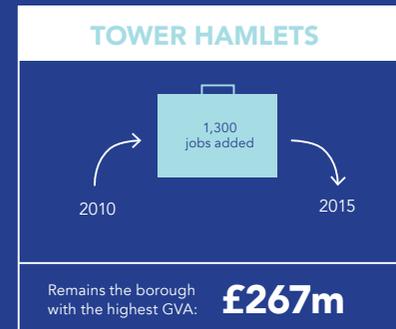
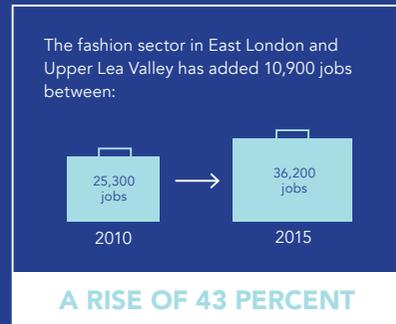
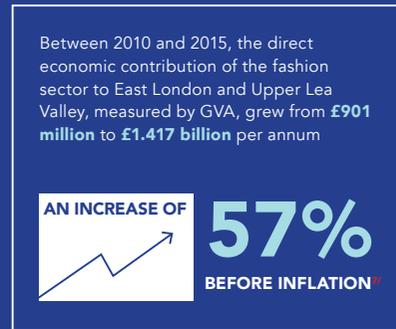


Figure 2 Summary of baseline analysis of the fashion sector in East London and Upper Lea Valley

East London + Upper Lea Valley:	Total	Design	Retail	Dis-trib'n	Manufacturing	Advertising
Employment 2010	25,300	600	17,600	3,800	3,300	0
Employment 2015	36,200	1,000	24,900	3,800	6,400	100
% change in Employment between 2010 and 2015	43	67	42	0	97	32
% as a total of all Employment in 2015	100	3	69	11	18	0
GVA 2010 (£m)	901	52	493	239	113	4
GVA 2015 (£m)	1,417	102	787	264	256	7,491
% change in GVA between 2010 and 2015	57	99	60	10	125	106
% of total GVA in 2015	100	7	56	19	18	1

Figure 5: Summary of baseline analysis of the fashion sector in East London and Upper Lea Valley

The majority of East London boroughs have a concentration of specialised design businesses. The table below show location quotients (LQs) derived from BRES data for design employment in East London. Any score above 1 (marked here in red) indicates a higher than average concentration of design-based businesses^{8/}. We observe a pattern of increasing concentration of design business in most boroughs. Hackney's score of 9.46 is notable.

These figures indicate a trend of increasing design capability and clustering in East London – and, as design is understood to be a driver of many other sectors, is a good indication of the potential absorptive capacity for innovation.

	2009	2014	Percentage Change
Barking & Dagenham	0.26	0.45	72%
Bexley	0.47	0.52	12%
Greenwich	1.01	1.60	58%
Hackney	7.03	9.46	34%
Haringey	1.53	2.77	82%
Havering	0.39	0.91	137%
Lewisham	1.34	1.67	24%
Newham	0.58	0.20	-66%
Redbridge	0.25	0.98	301%
Tower Hamlets	1.34	1.64	22%
Waltham Forest	1.21	1.27	5%
East London Total	1.15	2.11	84%

Figure 6 Location Quotients for design businesses in East London

Strengths of the fashion sector in East London and the Upper Lea Valley

High growth sector: GVA from fashion in this sub-region grew by 57% (including inflation) between 2010 and 2015, against 29% for the sector in London as a whole.

Scale – There are 36,200 people in full-time employment in East London fashion in 12,000 businesses – an increase of 10,900 jobs and 1,800 companies between 2010 and 2015.

Resilience: Fashion in East London has demonstrated resilience in its growth during a period of turbulence in its external market environment – in particular, in the re-emergence of added-value production for high-end fashion products

Image – Hackney Fashion Hub has helped stimulate awareness of the fashion sector in East London amongst international consumers through its mix of global brands (Burberry, Nike) and independent designers.

East London is growing in importance as a location for design businesses – analysis of location quotients (LQ) for design reveal that East London as a whole has an LQ of 2.11 – more than double the expected number (where 1 represents the national average density of designers in the working population). Five East London boroughs combine high design LQs and high growth: Hackney, Haringey, Lewisham, Tower Hamlets and Greenwich. In all five, we observe increased employment in other fashion production and distribution sectors. Newham, whose growth is driven by fashion retail, is a clear outlier.

Competitive advantage – London has the highest concentration of high value 'convergent media' businesses (with the greatest capacity for innovation and GVA growth) across a range of activities that are adjacent to and could have a direct bearing on future development of fashion, including: software development, 'Internet of Things', publishing, creative services, digital manufacturing, robotics, and music.



3.2 —————>

Existing support for fashion businesses

LCF runs a number of programmes to engage in R&D with businesses:

- LCF's **Fashion Innovation Agency's** objective is to harness technology to enable a wider range of products and processes and fostering design- industry relations. It plays a potentially important role in shaping the brief for a shared R&D space on CED, and in channelling dedicated challenge funds for collaborative innovation in fashion and technology.
- LCF's **Centre for Fashion Enterprise** runs the Fash-Tech Pioneers Programme, a six-month incubation programme designed for technologists wanting to disrupt the fashion industry, and provides dedicated mentoring (on legal, accounting, marketing, branding, storytelling, pitching etc) to selected applicants.
- LCF is a partner in Central Saint Martins' Innovation Insights Hub, which connects insights and ideas from creative practice to contemporary challenges to provide innovative outcomes.

GLA is also investing in capital programmes to build capacity for the fashion supply chain in East London:

- **Building Bloqs**, a membership-based workshop space in Meridian Water, Enfield, recently received £2,700,000 of funding via the London Regeneration Fund for workshop expansion, which will include an expanded textile lab.
- **Fashioning Poplar**, a project initiated by Poplar HARCA, LCF and The Trampery to convert 80 disused garages on a Poplar housing estate into manufacturing space, studios, and training space for use by students, designers and ex-offenders, received £1.7m through the London Regeneration Fund.
- **Hackney Fashion Hub** – following the riots of 2011, the Mayor's Regeneration Fund provided London Borough of Hackney and Hackney Walk with £1,500,000 of investment to renew and address the viability of Hackney town centre. This included work on public realm and converting the first phase of 12 of 22 railway arches into showrooms, retail spaces and studios.
- In 2015, **Albion Knit** received a £100k loan to purchase a flat-bed knitting machine and pay for trainee operators, technicians and apprentices, funded through GLA's Opportunity Investment Fund, a £3.64m fund towards workspace/commercial space activation in Tottenham.

The private sector is also offering a number of skills and innovation programmes. These are detailed in the action plan (see below), but the interest of new investors in the sector could be catalysed by the launch of **Plexal** at Here East in June 2017. A private sector accelerator for 'lifetech' companies working across a number of disciplines, operated by the team that established the successful fintech incubator Level 39, Plexal will promote fashion as a channel to embed design thinking and creativity into all parts of the private and public sectors including manufacturing, business processes and public sector procurement. This has the potential to greatly expand the range and scale of the markets addressed by fashion and design thinking.

3.3 →

Focus group and interview findings

The discrepancies between headline growth shown in the statistical base and reported barriers to growth were explored through a series of interviews and focus groups with 20 fashion bloggers, designers, manufacturers, retailers, landlords, training providers and supply chain experts. The inputs of these experienced practitioners helped to clarify how trends observed in our desk research were playing out in the fashion economy of East London. The sessions helped to identify further opportunities and barriers to growth that informed a subsequent scenario planning workshop, held to refine the proposition for the ELFC. (Details of attendees are attached at Appendix E, below.)

Structural issues facing the fashion sector in East London

The focus groups confirmed a number of structural challenges that are holding back latent growth potential and in the longer term may threaten the long-term sustainability of the fashion sector in East London.

We have described how market forces and digital technology exert a particularly disruptive and volatile influence across the fashion value chain. The table below highlights ten factors, five internal and five external, that result in the fashion supply chain being unable to respond to market opportunities and expose manufacturers in particular to increased risk.

Internal weakness	Market forces
Shortages in key manufacturing skills - dependency on suitably trained entrants from Eastern Europe	Threat that this will be exacerbated by any restrictions on freedom of movement that may result from Brexit
Immobility of existing manufacturing workforce, often based around immigrant communities	Risk of displacement of existing manufacturers in areas of high demand for housing and escalating rents for those who remain, or seek new premises close to their workforce
Gaps in key software skills (eg CAD) and garment technology skills amongst designers plac additional risk and cost on manufacturers	Competition from sampling/CMT units in Eastern Europe, Portugal and other emerging economies with higher skills base and lower cost base
Undercapitalisation of both design and manufacturing businesses exacerbates cashflow pressures in developing new collections and militates against investment in innovation	Multiple retailers offering less favourable payment terms - sometimes up to 120 days - whilst expecting faster turnaround of new pieces and collections
Lack of management and marketing skills leads to short term view of business, underinvestment in skills and innovation and a lack of succession planning	Little incentive for larger UK labels to 'reshore' production when they rely on overseas suppliers who provide (at the high end) faster turnaround and higher quality and (in the mass market) much lower unit production costs

Figure 7 – Structural issues for fashion in East London

OFFSHORING AND ONSHORING

The 'high street' plays a distinctive role in the UK fashion value chain. This has had a number of consequences for the sector.

Over the course of a number of decades, attempts to drive down cost have led to volatility amongst UK fashion suppliers.

From the early 1980s, large chains started to explore outsourcing at the expense of 'family' ties with UK suppliers. The most striking example of this is Marks & Spencer: in 1988 it sourced more than 87% of its clothing from British suppliers – a value in 1988 prices of more than £3.5 billion. By 2004, only 10% of retail clothing sales by value were British-made.

This is reflected in the decline of UK fashion manufacturing. A sector that represented 6% of all UK manufacturing in 1995 declined by more than 60% to a 2.3% share by 2009.

There are some signs that the bottom has been reached. Our interviewees and focus group participants pointed to examples of some production returning to the UK, from a range of retailers from Arcadia to Marks & Spencer. (This is borne out both in evidence from UKFT about a steady rise in the number of fashion manufacturing companies between 2011 and 2015, and in our baseline findings.)

We should be clear here that whilst it makes sense to re-shore specialist sampling and small runs of production, we are not seeing the return of mass manufacturing of high street fashion to London. This is reflected in latent demand from high street retailers to 'onshore' more of their ranges that could not currently be met in London. This pointed to the need for skilled mentors with experience of fashion supply chains to work with manufacturing businesses to help them capture a greater share of the market.

In another positive trend, closer links between designer fashion and retailers have seen many designers become high street names through their collaborations.

Lack of garment technology and software skills

Manufacturers also complain that design graduates lack the garment technology skills needed to translate their creative ideas into finished products. This problem is heightened by a shared lack of digital skills – use of computer-aided design software among both designers and manufacturers is very low.

Missing opportunities

Poor communication between sub-sectors means that designers and manufacturers fail to work together to address new market opportunities. At present, the accuracy with which market signals are received – for example, how increased demand for 'affordable luxury' needs to be reflected in different price points, or how high street retailers are increasingly looking to identify 'loss leading' innovation on rapid turnaround to add an element of novelty to increase footfall and repeat visits - varies widely not just from sub-sector to sub-sector and from place to place but from firm to firm.

Terms of trade and cashflow

Further barriers are created by the tough terms of trade imposed by retail clients, many of which will only pay 90 or 120 days after finished goods are delivered. Most early-career designers do not have the working capital to pay for the manufacture of the collection in advance, leaving the manufacturer to carry the risk and manage their cashflow. As a result, many high-end 'cut, make and trim' (CMT) businesses are reluctant to work with new designers.

Competition from lower cost producers

This in turn leads to further leakage of demand to CMT shops in Eastern Europe and further afield that are prepared to take on more of the work of interpreting initial sketches into finished garments.

Skills shortages and concerns about Brexit

Brexit, and the threat it represents to freedom of movement for students and skilled workers coming from other EU countries is a real concern to employers. Skilled machinists from Eastern Europe, where technical colleges teach skills no longer included in the English curriculum, are an important part of the East London fashion workforce, and have themselves established a number of successful CMT businesses. Uncertainties about their continuing rights to work and reside in the UK post-Brexit have led some to return to their countries of origin, and has reduced the flow of new workers. There is no immediate way to plug shortages in these skills.

Opportunities around ethical and sustainable fashion

Graduates show little awareness of sustainable design and manufacture within the fashion supply chain. This is not typically a core part of training at many universities and colleges. The Ethical Fashion Forum (EFF) also reports that people from within ‘mainstream’ fashion businesses, who feel that they are unable to influence their employers to adopt more ethical and sustainable practices, are coming to their events to seek out opportunities within ethical fashion SMEs or to get information about starting their own enterprises on a more sustainable basis.

Manufacturing	Skills	Distribution and retail
<ul style="list-style-type: none"> - Structural challenges around property (cost, risk of displacement) and skills are holding latent growth potential and threaten the sector’s long term sustainability - Information failures between designers and manufacturers exacerbated by cashflow issues - Lack of head office skills mean impact of innovation not well understood- and owners are too insecure to invest in it anyway - BUT potential to re-shore high-end and some cutting edge high street collections, with careful mentoring 	<ul style="list-style-type: none"> - Poor image- existing Apprenticeship structures which focus on 16-18 year olds are inappropriate - Immobile workforce- constrains growth and development - A perception that appropriate skills and training are not available - Brexit- threat to supply of machinist and to image of London designers - Lack of software skills among designers and manufacturers hinders supply chain coordination and stunts innovation 	<ul style="list-style-type: none"> - London’s reputation is about creativity- it can’t match Milan for quality, Paris for reputation, New York or Los Angeles for scale, Istanbul for cost - Need to develop skills to address growing market segments - affordable luxury, and leading edge pieces (loss leaders)- to benefit from high street retailers’ pursuit of innovation in ‘fast fashion’ and new retail experiences - Innovation is critical to free up designers to be creative and attract new investment

Figure 8: Key findings from focus groups and stakeholder interviews

Made in London?

There was some debate within focus groups, and a difference of views between sessions, about the respective merits of promoting a ‘Made In London’ brand. Some questioned whether the supply chain could deliver the consistent quality required to deliver this as a brand in the market; and whether manufacturers in other parts of the UK would be happy to have their goods labelled in that way. Discussion highlighted the reality of the supply chain in which a finished garment may be assembled from a mixture of international inputs and processes. Others pointed to a pragmatic approach to branding a collection – ‘you may make the jacket in London, but the shirt could come from Portugal.’

The future is creative

Our focus group members – particularly in the retail workshops – were clear: London fashion has an international brand that reflects freedom of expression, expression of individuality, quirkiness, experimentation and youth.

Our focus group on fashion retail and distribution was realistic about the issues to the retail sector and structural challenges, in the shape of increased premises costs, that have resulted in the closure of large numbers of independent retailers; and the fact that this has resulted in fewer opportunities for independent designers.

But they were clear about the future direction.

- London’s reputation is about creativity – it can’t match Milan for quality, Paris for reputation, New York for scale.
- The collapse in the number of independent fashion retailers means that designers have to deal with high street retailers and international distribution at an earlier stage in their development – which increases the risks of failure.
- Better information about global fashion trends, increased technical skills and greater understanding of manufacturing and supply chains can help London’s designers to address growing market segments – targeting affordable luxury and leading edge pieces (loss leaders) to help the high street retain interest in its ‘fast fashion’.
- In order to harness these market opportunities and address skills gaps, more needs to be done to harness the potential for interdisciplinary working between fashion and other creative and technical sectors.
- The UK industry and individual businesses within it need a technology road map in order to understand how to commit development resource and capital expenditure to digital skills and technology – like all other business planning, it is an essential precursor to growth. ELFC has a critical role in increasing the number and speed of collaborations between industry, innovation institutes within HEIs and the experience of acceleration and R&D programmes in other creative sectors to agree the terms of reference for this significant piece of work.
- Innovation is critical to free up designers to be creative and attract new investment.



Image © Fashion Enter, Ltd

3.4 ———>

Competitive and international perspective – fashion capital case studies and comparators

In embarking on any strategy for the fashion cluster in East London, it is important to understand the different ways in which the effects of this increased volatility, not just in the UK but in global markets, work their way down through the supply chain. It is also important to be objective about the strengths and weaknesses of the fashion sector in East London, both in absolute terms and in relation to its major international competitors.

With that in mind, we looked at a number of international comparators to see what lessons, if any, public intervention in fashion held for London:

- World fashion capitals such as New York and Milan;
- Major manufacturing hubs in Istanbul and Los Angeles that, from a value chain perspective, represent contrasting approaches to building a vertically integrated fashion sector;
- Competitors from emerging economies, such as Dubai, that are looking to compete on the basis of added value and innovation, rather than on the more traditional entry route of low cost;

In other European cities – such as Amsterdam and Antwerp - the public sector has taken a strategic approach to intervention in the fashion sector, backed by investment in international marketing to establish themselves as a fashion capital.

We focus on two studies here:

- Los Angeles, which offers an example of a vertically-integrated fashion design and manufacturing supply chain
- Milan, which demonstrates the importance of retaining craft skills and variety in the fashion supply chain

Notes on New York and Istanbul are contained in the technical appendices.

Case study 1 – Los Angeles: can London offer a vertically-integrated supply chain?

Los Angeles is an example of a cluster that has leveraged structural opportunities through an effective, B2B cluster organisation (California Fashion Association), founded in 2015 and funded by subscription.

Los Angeles enjoys a number of advantages due to its location:

- Access to cheap power and raw materials
- Access to large and (until recently) comparatively low wage workforce – average machinist wage in California in 2014 was \$11.54 per hour
- Los Angeles has one of the densest concentrations of apparel manufacturing industries – the LQ of its womenswear sector is over 17!
- LA is the USA's #1 port, offering easy access to global markets in addition to the domestic market of 300 million consumers
- Proximity to a significant source of IP from the film and entertainment industry – which it licenses and leverages alongside its own premium 'Made In California' brand - offers competitive advantage and opportunity to increase margins
- Scale – over 110,000 workers are employed in apparel manufacture in 6,000 companies; total turnover of the garment manufacturing sector in 2015 was \$13,650 million (Hoovers, 2015)
- Maturity – half of the companies in the cluster are over 25 years old; more than 1,500 turn over at least \$1m per annum
- Los Angeles offers different models of vertical integration within different markets:
- Integrated manufacturers: design and make their own clothing brand, and make products in their own manufacturing plants and in those of independent contractors.
- Licensees: may or may not be involved in the product development process, but “rent” their brands to producers of fashion products
- Contract manufacturers: may have long-standing relationships with designers, or may use brokers to generate new business, Contract manufacturers win business on their ability to deliver on-time and on-cost. The manufacturer placing the order typically owns all the raw materials.

Although Los Angeles is not regarded in the same league as London or New York in terms of creative fashion design, it has been astute in understanding which aspects of its brand will still attract a premium for some products – eg, jeans 'Made in California'.

LA is a 'true' cluster, in terms of scale, interlinked support and some common goals.

Although less 'prestigious' than the 'world' fashion cities, it has a unique heritage and cultural position, which thus far has been exploited by the cluster, growth has occurred with no public-sector input, but through organic growth based around resilient companies who have maximised the local trade agreements.

The main lesson for ELFC is that public support can come in many forms – trade agreements, particularly NAFTA, are at the core of the cluster's success. However, despite recent encouraging developments in 'onshoring' production, London is unlikely ever to house manufacturing on that scale; so another point – the way in which LA manufacturers successful leverage proximity to other sources of IP, in the form of entertainment brands – is one that could be explored in development of London's presence in important, relevant and growing sub-sectors such as sportswear.

Case study 2 - Milan: the importance of retaining craft skills and variety in the fashion supply chain

The way in which Milan has historically paid close attention to quality across the whole of its fashion supply chain enabled its small and medium sized craft manufacturing businesses to quickly switch their focus to high-end specialist manufacturing in a strategic response to increasing outsourcing of mass produced apparel to low cost countries. The Milanese industry differs from the UK model in that it is dominated by a number of large maisons (fashion labels) rather than by multiple retailers. These maisons are physically clustered together in the city centred and surrounded by a supply chain of highly skilled producers extending beyond the boundary of the Metropolitan district. This proximity reinforces both opportunities for a shared commitment to quality, reflected in a proposal to certify suppliers.

It also benefits shared involvement in innovation and the responsiveness of the supply chain to changing patterns of consumer behaviour.

The large fashion houses recognise the interdependency of the cluster and the strategic benefits of keeping (in particular) high-end production within the local supply chain. This means that they actively seek to support small craft producers and specialist manufacturers as a way to retain variety and diversity of supply within the cluster, preferring this to the option of low cost outsourced production in order to retain transparency of the production process and control over the quality of the end product.

Milan's fashion manufacturing and design sectors stand for quality in the minds of consumers and designers alike, and the industry works to ensure that this is reflected from top to bottom of the supply chain. Government, Trade and Private sectors have collaborated to ensure that this simple but powerful message has been heavily promoted around the world for over 50 years. This has resulted in:

- Immense added value in consumers' minds around the world for the "Made in Italy" label
- Strong global reputation as a "Big Four" fashion capital

Despite the reshoring of some high-end production that has taken place during this decade, London, like Milan, is no longer a competitive location for the production of mass or entry level goods. This has led some suppliers to pursue the same strategy as those in Milan: a greater focus on high level production and finishing as a specialism. But the sector lacks coordination and management often lacks the skills or working capital to address growth markets, such as the high growth 'affordable luxury' segment, that require much greater levels of skill and responsiveness from the manufacturer.

Despite its very different supply chain relationship with high street retailers, ELFC would support London's specialist and added-value production companies (through addressing information failures to improve coordination within the sector) to develop the potential to:

- Build upon East London's long history and reputation for the making of luxury goods
- Exploit close proximity and links between local manufacturers and designers
- Address information failures by opening up the wealth of manufacturing knowledge in CMT, artisan, leather and textiles workshops for young start-ups and designers.
- Improve coordination by promoting networking between suppliers – not as a 'nice to have', but an essential way to maintain the integrity of the supply chain

Lessons for ELFC:

- Actions of fashion labels to support diversity in the supply chain enhance the sustainability and competitiveness of small manufacturers specialising in sampling and CMT ('cut, make, trim), essential if London is to retain capacity to produce the small quantities needed by independent designers.
- There is an opportunity for established labels to work with UK manufacturers to develop new and responsive systems and supply chain relationships, including through employment of experienced intermediaries and mentors.
- Diversification of manufacturers which traditionally specialised in one craft skill (eg, leather goods) could enable them to undertake production of whole ranges for high-end fashion labels.
- Closer integration and increased knowledge exchange between different levels of the supply chain leads to greater confidence in investment in skills and innovation amongst smaller producers.
- Milan's reputation for quality is central to its branding as a World Fashion Capital. London and the UK hasn't strategically promoted such a singular definition within its fashion sector.
- Future proofing London's manufacturing base is key and as in Milan 'networking between specialist suppliers is paramount for survival.
- There is an opportunity for ELFC to play a central role in defining London as the world's 'Creative Fashion Capital' and take a lead from Milan/Italy in heavily promoting this globally.

3.5 →

Analysis

Fashion located in East London because it combined cheap accommodation with easy access to market. It was a catalyst to the ‘move East’ of creative industries that drove the development of a high value knowledge economy in the City Fringe. Ironically, that success has now created demand for premises for housing and other more valuable economic activities that presents a huge risk of displacement to existing fashion businesses.

Another factor in the success of fashion in East London has been access to skilled migrant labour, which has been drawn to the area by the same combination of low cost accommodation and economic opportunity in a trend that dates back centuries. Immigrant and transient groups form continue to form a significant part of the fashion workforce, and the same pressures now threaten their ability to remain in the area.

However, the growth of knowledge economy hubs such as TechCity and the resulting agglomeration of technology, finance and a workforce with new kinds of skills now offers fashion in East London an opportunity for growth through a focus on higher value products. This in turn has the potential to benefit some of the most deprived communities in London through new jobs and higher wages.

The baseline data supports the strategy of creating production corridors in East London and Upper Lea Valley as a source of new jobs and GVA – and the success of fashion manufacturing could be a ‘beacon’ for wider policy initiatives to address retention of industrial premises.

All this is happening despite market volatility and the evidence that there is plenty of room for improvement in information flow, skills development, innovation and promotion.

This isn’t a ‘zero sum’ game: promoting clustering of fashion, technology, business and education extends the opportunity for other industries to address a \$3 trillion global market.

This is an opportunity to demonstrate ‘smart specialisation’⁹¹ – reimagining London’s fashion sector as a globally significant digital manufacturing cluster that outcompetes other cities, increases high value employment opportunities and drives inward investment.

Effectiveness of public sector intervention

How does the experience of other cities help shape the proposition for London?

- The option to invest large sums of EU money - in the case of Antwerp, to brand itself as a fashion capital and tourist destination; in Istanbul, to develop capacity to vertically integrate its textile and fashion manufacturing sectors – is no longer available to London. But the opportunity to better coordinate marketing of fashion as part of the city offer of visitor economy and inward investment – as observed in the ‘I amsterdam’ campaign – is picked up in proposals for year-round promotion of ‘London Fashion Capital’, building on existing high profile campaigns such as London Fashion Week and the ‘Fashion is Great’ trade and investment promotion coordinated by British Fashion Council and UKFT with the Department for International Trade.

‘Manufacture New York’ (www.manufacturenyc.com) offers a model of incubation and business support integrated within new manufacturing capacity, seeded by a \$3.5m investment from NY City Hall.¹⁰¹ The major investment, however, is a share of a \$315m innovation project by US Department of Defense and MIT to promote innovation in textiles.¹¹¹ Our proposal for a Fashion Manufacturing Hub borrows from the model, but is more organic in scale; other funding initiatives will address the need for fashion to be better positioned to be in receipt of equivalent (if more modest) Government innovation funds available through Innovate UK.

- Dubai’s ‘D3’ (Dubai Design District) is another attempt by the Emirate to build a creative cluster from scratch. Previous efforts – Dubai Media City and Dubai Tech City – have had limited impact on their respective sectors. Dubai’s fashion reputation is linked to its status as a visitor destination, but its approach to fashion, eschewing manufacturing altogether in favour of a focus on digital innovation in garment design, branding, online and physical retail experiences, reflects our findings about the technological drivers of growth in an ‘omnichannel’ retail paradigm.
- Milan and Los Angeles, in different ways, emphasise the importance of a strong industry-led body to coordinate sector development and lobbying. Again, this is about providing an effective interface between fashion and the public sector in the way that ELFC sets out to do.

Case study comparisons

Cluster Support



Figure 9: International case study comparisons

3.6 →

Developing the proposition for East London Fashion Cluster

Scenario planning, involving a group of industry professionals and academics (see Appendix E, below) in a workshop setting, was used to help narrow down the strategic options and objectives for sector development, and to start to frame plans for how support might be focused. We asked the workshop participants:

- Should a focus on place/variety put more emphasis on the supply of new entrants to the fashion sector – seeking to keep rents down, etc – or on greater variety within the place – eg, higher levels of innovation, more manufacturing?
- What is the relationship between physical ‘clustering’ and agglomeration effects? Is it feasible to locate some of the cluster infrastructure in other parts of the Thames Estuary (eg Barking & Dagenham, Havering) whilst retaining the sense of place and variety?
- What are the ‘human factors’ of this cluster? How mobile is the fashion workforce (indigenous manufacturing businesses, existing design businesses and new entrants)? How could existing skills shortages and gaps best be addressed?
- Who leads? Is there a single organisation that should have a programmatic overview and coordinating role in both capital and revenue projects? Or is this ‘horses for courses’?

Risks in the current environment – ‘do nothing’ scenario

Analysis of the business case for any public intervention typically includes consideration of the ‘counterfactual’ - a ‘do nothing’ case. In the case of East London, the structural barriers to sustainability and growth of the sector (detailed in the SWOT analysis below) point to the need for intervention to address poor information and coordination, skills gaps and shortages, and the consequences of widespread undercapitalisation. These would be serious concerns at any time, but the uncertainties around Brexit and the sustainability of current global trading arrangements could point to an even more gloomy prognosis.

Strengths	Opportunities
<p>London's position as a global fashion capital in the same location as the Knowledge Capital, the Creative Capital and the Financial Capital – the only place to find that combination in a single cluster</p> <p>Strong performance (in both GVA and employment) of East London's fashion sector</p> <p>Image of the East London sub-region as a creative and tech crucible</p> <p>Sector footprint suited to convergence</p> <p>Skills, research and knowledge transfer capability of world class HEIs with real sector expertise</p> <p>Strategic employment sites across East London and Upper Lea Valley that combine a range of offers to business</p> <p>London as hub for global markets</p> <p>Global recognition of London as UK's creative capital, and as one of the top three in the world</p> <p>CED adds to the already high number of world class cultural spaces - a significant asset in marketing the fashion sector and its businesses on an international stage.</p> <p>A range of flexible workspaces in strategic locations to attract and retain businesses at all stages of development, notwithstanding structural challenges</p> <p>Good physical communications to the City, central London and international destinations via Stratford station, three regional airports (City, Heathrow and Gatwick) and good local bus network.</p>	<p>LCF's move and creation of CED will create is one of a handful of global specialist fashion hubs now being developed, alongside those in Milan, New York and Dubai</p> <p>Increasing convergence between tech and other sectors, promoted through Plexal, LCF's Fashion Innovation Agency and UCL's GDI Hub and others, opens up potential to address 'hidden' innovation in public and health sectors: in the UK alone, markets for goods and services that relate to the public sector's need to address health, transport, environmental change and an ageing population are worth tens of billions of pounds each year. The problems (and, therefore, opportunities) are global.</p> <p>Innovation driven through the value chain – consumer behaviour determines demands on supply chain Increasing online revenues drive growth of content and subscription-based models</p> <p>Links to other priority sectors to drive collaborative innovation and skills development</p> <p>Globalisation – FDI and export – enhanced by representation of London as 'World Creative Fashion Capital'</p> <p>Growth of dynamic mid-sized companies in response to changing market opportunities</p> <p>Interaction between large and small companies to enhance access to new markets</p> <p>Growth and diversification of workforce leading to widespread employment opportunities and inclusive growth in local communities</p> <p>'Reshoring' of high-end production</p>
Weaknesses	Threats
<p>Imperfect information about drivers of innovation</p> <p>Lack of responsiveness and quality in production supply chain</p> <p>Too few mid-sized businesses to invest in innovation and act as channels to market</p> <p>Investor perception of fashion as esoteric, cottage industry</p> <p>Lack of managerial aspiration and skills</p> <p>Shortages and gaps in critical making skills</p> <p>Lack of software skills</p> <p>Undercapitalisation</p> <p>Underinvestment in R&D</p> <p>High Street 'monoculture' with fewer independent stores to promote innovation in design</p>	<p>Displacement of industrial premises to provide housing, typically beyond the means of the fashion workforce Immobile workforce</p> <p>Brexit – reduced access to markets, skills, reputational damage</p> <p>Threats to global free trade could further reduce export earnings</p> <p>Competition – including CMT offers from low(er) cost countries</p> <p>Market consolidation presents additional barriers to entry to small businesses</p> <p>Overseas competition/subsidies</p>

Figure 10 Swot analysis

However, the planned development of CED and LCF's move, mean that the situation for fashion in East London will change. We are careful not to describe that move in itself as a 'silver bullet' to address all the sector's shortcomings and move all the barriers to its continuing presence as a widespread employment sector in East London. It does, however, allow us to calibrate both the nature and scale of the support needed by the sector, and to examine the likely impacts of different approaches.

We therefore presented a range of different scenarios of how the fashion sector in East London might respond to opportunities and threats in the political, economic, social and technology environment. Participants were presented with a detailed series of scenarios, each with their respective political, economic, social and technological implications: we summarise these in the table below.

Scenario 1 – Entropy	Scenario 2 – A stitch in time
A 'hard' Brexit hits purchasing power, tightens the supply of skilled labour and increases costs: this accentuates structural weakness, lack of innovation, skills gaps and mistrust between the component parts of London's fashion sector, resulting in terminal loss of capacity, opportunity and reputation.	Weak demand and threats to jobs provide a 'market failure' justification for public intervention to prevent market failure. The economic rationale for the East London Fashion Cluster is determined to lie in retaining a diverse range of capacity within the sector, to secure inclusive growth and provide local employment, particularly manufacturing jobs accessible to those with few or no formal educational qualifications and at risk of economic exclusion.
Scenario 3 – Adapting to new realities	Scenario 4 – London – World Creative Fashion Capital
The public sector takes steps to address structural barriers in the sector. But global economic uncertainties lead consumers to reduce their fashion spending, resulting in greatly reduced demand for the London's high-end fashion product and unsustainable price pressure in 'fast' fashion sub-sectors. Milan is able to increase its focus on 'affordable luxury', and the material innovations coming out of New York allow its designers to dominate the sportswear market. Hobbled by undercapitalisation and a lack of innovation, London's status as the world's creative fashion capital is forfeit as its mobile population of design talent is increasingly drawn to other fashion cities: New York, Paris, Milan and Dubai all benefit from London's fall.	<p>Young designers and new, younger fashion consumers interact through 'omni-channel' retail experiences, playing to London's strengths in both creativity and digital.</p> <p>Increased collaboration between fashion designers and other creative and tech agencies transforms the sector's relationship with external investors, offering new capital inflows for further innovation and growth. Bolstered by the presence of world-leading resources to support technical and market innovation, London undergoes a creative fashion renaissance that cements its position as the world's creative fashion capital.</p>

Figure 11 Scenario planning

London, World Creative Fashion Capital

The proposition that emerged from the group is one that been expressed by industry representatives in the focus groups. Without dismissing the constraints imposed by existing structural challenges and information failures that limit productivity, investment and growth in many fashion businesses, and without being complacent about the risks of falling demand and tougher trading conditions in the global economy, it asserts that the challenge of building and sustaining a productive, high-growth and job-creating fashion sector in London is to increase the absorptive capacity for innovation across all parts of the fashion supply chain.

The renaissance of the fashion sector in East London will be accelerated by its proximity to other centres of knowledge capital in Tech City, the City and Canary Wharf. East London is the only place in the UK in which fashion designers, finance, major knowledge economy hubs such as Tech City, the head offices of major fashion brands and retailers and specialist high-end garment manufacturing meet face-to-face. Both incomers and indigenous businesses, start-ups and scale-ups will benefit from that proximity, which will offer ease of access to the talent, technology and capital to exploit their creativity to maximum advantage.

ELFC will trigger a significant increase in R&D activity across this geography, drawing in investment from UK High Street retailers and high end fashion labels to increase London's capacity and knowledge to deliver profitable innovation to the fashion supply chain.

The aim is to re-establish London as the World Creative Fashion Capital, reinforcing its global reputation for creativity through innovation and investment in the following way:

'Young designers and new, younger fashion consumers interact through 'omnichannel' retail experiences, playing to London's strengths in both creativity and digital industries.
'Increased collaboration between fashion designers and other creative and tech agencies transforms the sector's relationship with external investors, releasing capital for further innovation and growth.'

'Bolstered by the presence of world-leading resources to support technical and market innovation, London undergoes a creative fashion renaissance that cements its position as the world's creative fashion capital.'

Economic



Consumers increasingly expect 'omnichannel' retailing to provide not only a seamless experience between online and physical retail environments, but a relationship to the brand. London's young designers grasp this; and start to adjust their product and pricing to meet this demand, managing small and frequently turned around collections of stock both online and through outlet and pop-up stores to tap into a younger audience that is curious about new fashion, but sensitive to price.

The success of this approach is most evident in Hackney Walk, where the mix of retail opportunities, studio space and 'making' facilities leads to increasing clustering of fashion, marketing, tech and online retail firms, as 'Tech City' expands beyond its traditional Shoreditch base to join up with the resulting cluster, a new fashion district stretching from Dalston to Morning Lane.

The resulting cross-fertilisation of design, marketing and software skills fuels the creation of a new generation of responsive online retail platforms and apps offering new fashion and new experiences – at price points to engage trend-conscious young buyers disaffected with a decade of mass-produced 'athleisure'.

Other private investors, encouraged by the evidence of demand for new types of retail experience and the relative affordability of a large 'distressed' inventory of speculatively-developed property (for which Brexit has suppressed other demand) set up a constellation of outlets and pop-ups across an arc of East and North East London.

This provides increased access to market for both established designers and new entrants, whose skills in fast fashion and market segmentation have been honed by their experience of designing for online retail.

Attracted by the increased volume of work created by the faster turnaround of new online collections and the demand of the new outlets (and the pop-up stores that spring up within and around them) for constant innovation in both product and retail experience, and aware that their nimbleness gives them an advantage over bigger advertising and marketing firms, small creative/tech agencies increasingly seek to secure their relationships and pair up with new designers.

The resulting hybridisation of content and product development skills leads to exploration of new business models, such as subscription.

Multiplying online, outlet, pop-up and showcasing opportunities become the focus of a new 'London fashion capital' campaign – extending the kind of focus that now exists only around the three London Fashion Week showcases to a year-round platform.

Bolstered by a stronger bargaining position with distributors and retailers hungry for 'Made In London' product for online, outlet and international markets, and supported by the cluster as a whole with the backing of the Mayor's office, manufacturers successfully lobby 'mainstream' multiple retailers for better terms of trade (eg on payment periods and returns.)

In order to secure their own supply chain, manufacturers begin to underwrite investments in new collections from young London designers that now make up 30-50% of their turnover.

Newly emboldened by international market opportunities and awash with private investment, graduates of London's fashion schools begin to form a new generation of 'born global' businesses, mixing the best of London's creative, technical and entrepreneurial 'edge' with the 'diaspora' resource of access to large scale manufacturing opportunities in their 'home' countries, but retaining the IP in London

Social



Accelerating market and technological change has now closed the gap between the atelier, the head office and the factory floor; and demand for labour has increased. The resulting new skills gaps and shortages need urgently to be plugged. Industry, schools and colleges combine to develop campaigns to promote and provide work experience opportunities within a fashion manufacturing sector that now represents a world leading hybrid of craft, content, marketing, performance management and technology skills to encourage take up of traineeships and flexible apprenticeships amongst 16-24 year olds.

This is accompanied by a demand led ('voucher') scheme to encourage manufacturers to invest in their own business management, project management, innovation and marketing capacity.

These measures combine to encourage private sector property developers, designers, manufacturers and distributors to invest over the long term in innovation, plant and skills, creating new sub-sectors and service opportunities and an explosion of new jobs available to people living in those boroughs. (straddles political and social)

Technological



Presence of multiple and distinctive R&D facilities – LCF Digital Anthropology Lab, Plexal and other private sector co-working spaces and maker labs drawn by the demand – attracts a wave of new investment in fashion tech propositions, including from foreign-owned labels and manufacturers

Increased collaboration with creative and tech firms has the beneficial side effect of encouraging designers to adopt software and productivity tools that allow them to strengthen their garment tech skills. This in turn helps them to work more effectively with manufacturers, more of whom start to promote their services to new labels as a result. New online platforms and apps proliferate, offering fashion audiences opportunities to co-create anything from personalised garments to whole ranges.

Improved cashflow and greater confidence in the security of demand from a range of online and physical distribution platforms stimulates manufacturers to invest both in new technology and in new agile management and production skills to enable them to diversify and respond to the faster turnaround of new product demanded by this changed environment.

The focus on developing the adoption of emerging and enabling technologies within the creation, promotion and consumption of fashion aligns with Innovate UK strategy, allowing the sector to attract unheralded levels of public investment in innovation. On the basis that fashion is something that we all engage with every day, the interdisciplinary applications of those discoveries in a range of adjacent fields of health, sport, home and smart cities technology, promoted as 'lifetech' through Plexal, transforms the perception of fashion among private sector tech investors. Fashion is now seen by industry and policy makers alike as one of the main channels through which the discoveries of science and technology research can be translated into successful commercial applications. London's success in identifying itself as the world's leading centre for this activity engages a 'virtuous cycle' of investment in research, development and commercialisation.

At the heart of this cluster, the development of a 'new' LCF at Stratford with an increased focus on technological innovation and developing an 'observatory' function for the future of fashion catapults London into a position of unassailable advantage as the leading creative World Fashion Capital.

Political

The formation of the East London Fashion Cluster seizes upon the opportunity to build on London's reputation as the leading creative world fashion capital through the development of policy to support a world leading cluster of fashion innovation assets.

Innovation in both retail experience and online platforms is the driver for transformation of the sector through widescale adoption of smart specialisation and 'agile' methodologies in marketing and management of the fashion supply chain that allows more creative freedom and greater responsiveness to consumer demands.

Policy, therefore, focuses on encouraging the development of absorptive capacity for innovation throughout the fashion supply chain, mixed with awareness of the need to offer security of tenure to a range of creative, manufacturing and technical businesses within East London to support variety and inter-disciplinary collaborations across the sector.

The aim is to develop the creative talents of people at every level of the fashion supply chain, rather than to focus on a particular technology.

The creation of a Strategic Enterprise Zone for design and manufacturing in Haringey and Thames Estuary Production Corridor offers fashion manufacturers a combination of business rates relief and long leaseholds that give them confidence to plan for the future.

Planning of these zones includes provision for rapid transit – bus corridors, light rail and underground lines – that allow existing workforces to continue to access jobs that have relocated to new premises along these routes, whilst opening up new employment opportunities to communities across East London.

Weakened currency and increasing focus on export as Brexit approaches encourages DIT to increase focus on and investment in showcasing fashion for export and attracting inward investment.

Figure 12 Scenario planning

Section 3 Footnotes

7/ RPI grew by 15.72% in the same period

8/ Note that not all of these will be designer fashion businesses – see Appendix B

9/ "Smart Specialisation seeks to ensure that proposed actions are based upon sound evidence that properly reflects the comparative advantages of the physical and human assets of particular places in the global economy. It emphasises the need to ensure that activities are fully integrated in the local economy and its supply and value chains. It helps to build connections of ideas, finance and trade with similar activities elsewhere. It promotes also the use of enabling technologies that can transfer and add value between related sectors".

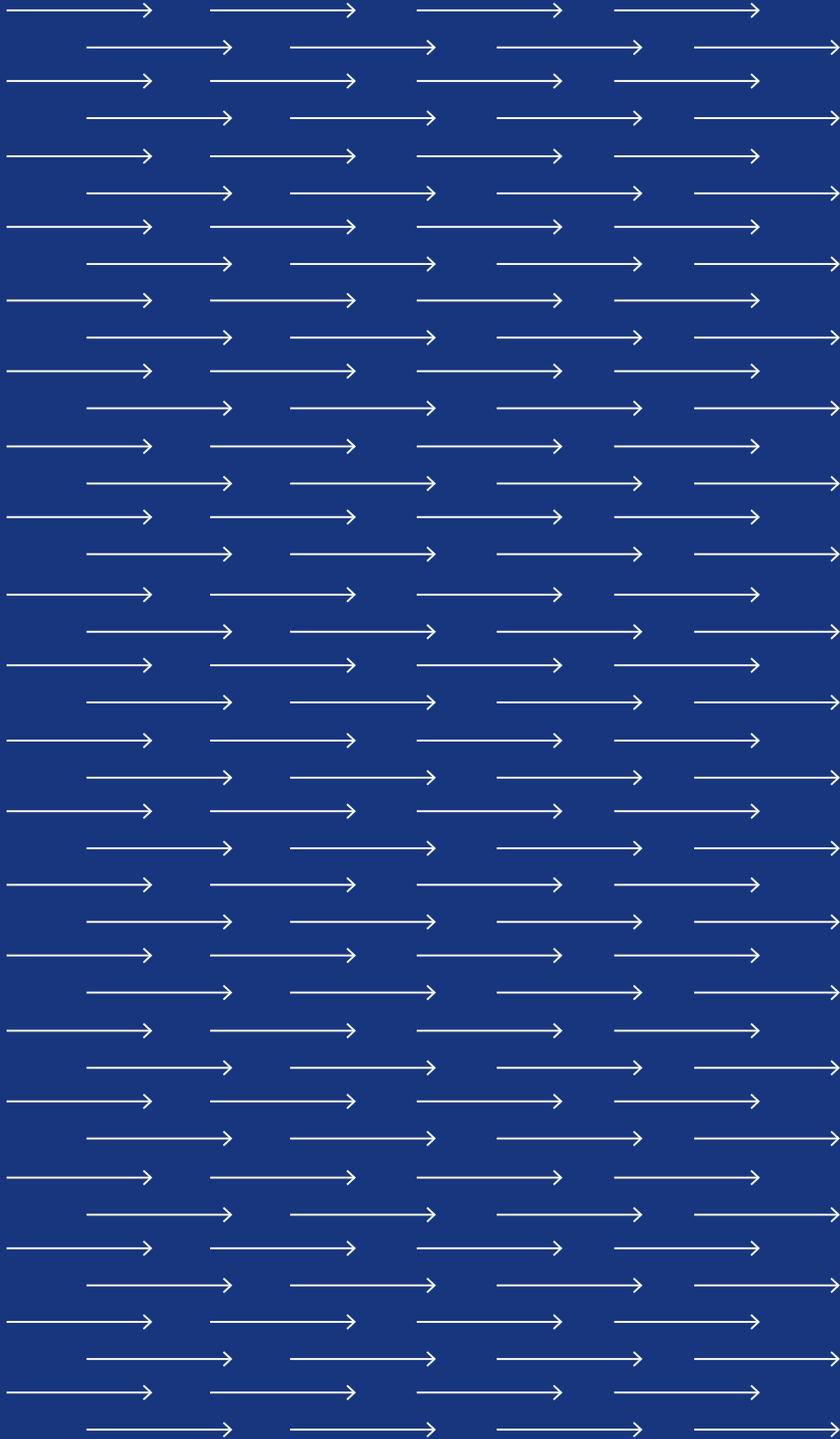
Department for Business, Innovation and Skills (2015)

10/ Friedman, A. (2016). Manufacture New York blossoms in Brooklyn. WWD, 10 May 2016. <http://wwd.com/business-news/government-trade/manufacture-new-york-blossoms-brooklyn-10426994/>

11/ Ellis, K. and Friedman, A. (2016). White House paves the way for new textile frontier. WWD, 1 April 2016. <http://wwd.com/business-news/other/white-house-revolutionary-textiles-10402144/>



4 ACTION PLAN



4.1 →

Creating the East London Fashion Cluster

The proposal to create an East London Fashion Cluster (ELFC) organisation is a strategic response to the coordination failures within the sector in East London. It will be a strategic business support organisation responsible for coordinating information flows and steering a programme of sector specialist interventions tailored to meet the needs of fashion businesses.

The cluster body will be vertically integrated with key partners, driving open innovation and taking best advantage of other institutions' resource and capabilities, with CED as a physical hub site and meeting point.

Space, proximity and focus

High value activity in fashion is currently focused on an inner East London 'core' of Hackney, Newham and Tower Hamlets, which together represent 56 percent of fashion GVA in East London and the Upper Lea Valley. In a sector dependent on higher value design inputs, Hackney's very high concentration of design businesses signals a potential source of competitive advantage for East London. Hackney also benefits from significant networks of high value digital content businesses and the presence of London College of Fashion's Centre for Fashion Enterprise.

As previously stated, the physical clustering of knowledge assets in Tech City, the City and Canary Wharf has been shown to accelerate sharing of ideas and to result in interdisciplinary collaborations of all kinds. The growth of those knowledge hubs was in large part a result of the influx of new talent and market opportunities presented by artists and creative enterprises moving into those areas; the CED will now leverage relationships with and proximity to those other clusters to provide a hub for growth and development of creative enterprises, linking technology, culture, art and the visitor economy and to crystallise the value of fashion inputs to a range of applications and sectors.

Sub-regional and regional priorities

Support for the fashion sector in East London also has a clear link to processes of 'place making' that go beyond the development of any single industry sector. This strategy recognises those linkages as they are reflected in the GLA's London Plan, LLDC's 10 Year Plan, the Upper Lea Valley Opportunity Area Plan. It is the first step in the process to establish a creative industries-led 'production corridor' in the Thames Estuary.

ELFC will help strengthen supply chains within London by helping to develop more sophisticated and responsive business models and processes to take advantage of changing opportunities. Our interim recommendation is that all of the interventions that result from the findings of this report should in some way reflect and respect the principle of 'smart specialisation'

This means addressing gaps in the supply chain holistically, taking into account:

- Information failures (lack of access to market information and technical know-how)
- Coordination failures – barriers to entry
- Skills gaps
- Undercapitalisation

These internal factors combine with concerns about structural challenges such as; increasing cost of premises; concerns over skills gaps and shortages, lack of working capital for prototyping and production; uncertainties about international trade - to limit growth opportunities in the short term and increase the threats of market volatility over the long term.

There is some evidence that physical clustering of design, production and other service providers – as is beginning to happen at Hackney Walk, for example – acts as an 'amplifier' for the signals from the market and helps all members of the cluster become more productive, more competitive, and more creative.

There is no suggestion that increased demand for housing in London, and East London in particular, will be matched by new supply any time soon. This calls for policy and interventions to balance supply and demand of suitable space to address the need for proximity between different parts of the fashion value chain, is a critical success factor in increasing productive capacity of the sector.

Role of Higher and Further Education Institutions

'The current Government's Industrial Strategy is underpinned by the multiple interactions between universities and businesses. Put simply, universities assist organisations of all sizes to become more competitive, innovative and productive. ... Alongside their international agendas, universities and colleges are important 'anchors' and 'place-makers' in their local and regional geographies. Through 'smart specialisation', and their expertise in skills development, they contribute proactively to ... economic development' ¹²⁷

'Open' innovation accentuates the role of Higher and Further Education in knowledge transfer, and the need for a knowledgeable and responsive cluster organisation embedded within the sector in order to facilitate those connections between industry and the knowledge base across multiple and overlapping local and sectoral networks of interest. Whilst it offers the potential for a transformation of performance of the industry and of the firms within it, it also requires that the public sector invest in the development of both physical and virtual environments where collaboration between small firms, corporates and universities can take place on equal terms. Physical infrastructure will be provided by

- LCF and other universities' existing business incubation and innovation activities
- V&A East, with its mission to investigate the role of the designer
- A Fashion-tech and smart materials showcase on CED

Its corollary is the development of responsive and sector specific business support that integrates ELFC with the other private sector organisations already servicing a range of fashion activity – including Stitch Academy, Fashion Technology Academy, Fashioning Poplar and Newgen.

THE ROLE OF UNIVERSITIES IN CATALYSING SUCCESSFUL CLUSTERS

In a fragmented and fast moving sector that operates in global markets with 'widely distributed knowledge', competitiveness – particularly for small firms - depends increasingly on their willingness and capacity to collaborate. Small companies typically lack the financial and strategic capacity to sustain investment in R&D and need to draw upon the knowledge base in large corporates, universities and on one another's expertise to develop new products and services. Proximity to established businesses and venture finance can bring further benefits in the form of enterprise capital and access to new markets. This is the kind of configuration of services and behaviour observed in amongst the world's most creative and competitive clusters – Silicon Valley, for example, or the Cambridge hi-tech cluster in the UK.

Studies of the Cambridge hi-tech cluster indicate that many of the successful spin outs of the last twenty years can be traced to the involvement of a network of a mere 35 individuals. Critical to its success is the fact that Cambridge University was willing to share and even sign over IPR in order to get new ventures off the ground. ELFC strategy seeks to foster a similar and competitive climate of enterprise, to identify potential investors in our region and to provide them with the right information about the investment opportunities in the sector in order to ensure that we capitalise on the potential of MediaCityUK. Working in partnership with the region's leading financial and professional services businesses will identify new investors and match them with world class business propositions from entrepreneurs around whom a high value, high growth cluster can be built.

LCF and the other institutions in and around QEOP – UCL, Birkbeck and LUL - are an essential component in delivery of the fashion sector strategy. They offer businesses knowledge transfer, innovation guidance, networks and skills. Higher Education has a dual role here, both in spin out from its research activities and in providing high end support for leadership and R&D to stimulate new ventures from the private sector.

- UCL, through its **Global Disability Innovation Hub**¹³¹, complements the activity of LCF and Plexal, a private sector accelerator for 'lifetech' companies working across a number of disciplines, in using fashion as a channel to embed design thinking and creativity into all parts of the private and public sectors including manufacturing, business processes and public sector procurement.
- UCL's campus on the QEOP will provide a place for experimentation around arts, science and technology. Within this, UCL will offer multi-disciplinary programmes within four themes, three of which are 'originating', 'connecting', and 'making'. One faculty that will move to the QEOP will be UCL's **Institute of Making** (which shares with LCF and LUL an interest in future materials research).
- LUL has a specific mandate for design innovation through its **Institute for Design Innovation** and its **Institute for Digital Technologies**. Its Institute for Enterprise Development delivers a number of programmes related to entrepreneurship and innovation and also serves as a research

Talent and skills development

ELFC will be delivered by LCF in partnership with industry and other sector organisations such as the British Fashion Council and UKFT. It will put in place the stimulus for HEIs to work with industry to match supply of skills with demand and to develop courses that will provide relevant skills to meet the new opportunities presented by growth of demand.

An industry-led strategic advisory board will provide oversight to ensure that training is relevant to future needs of the sector. The rhythm of producing 'seasonal' collections every six months has been disrupted by changes in consumer demand and behaviour, but many small employers and individual entrepreneurs have little grasp of the future skill sets required to meet the challenge of digital marketplaces and global supply chains.

ELFC will continue to work with employers, HEIs, colleges and private sector training and apprenticeship providers not only to address the immediate and projected direct skills needs of the sector, but to develop an understanding of the flow of skills across the fashion supply chain between full-time employment and short term contract arrangements.

This will express the potential of fashion to become a widespread employment sector as other industries undergo structural changes in response to technological change and international competition. Many of the most keenly felt gaps and shortages are in production, in which most roles are open to non-graduates.

Demand for skills cannot be met by new entrants alone, so if the sector is to address its skills shortages before they become critical it will need to develop an understanding of the transferable skills of current employees in other sectors as well as of its new entrant and graduate 'pipeline'.

Employers will demonstrate the career prospects in added value manufacturing, lack of which are deterring young people from taking up existing vacancies for entry-level manufacturing jobs, by investing in a pipeline of development for technical and management skills. This will powerfully address inclusive growth within London's communities and reduce threats from externalities, including Brexit.

Inward investment

Markets for fashion are global rather than national. The sustainability of sector based on innovation and creativity will depend in large part on its ability to attract foreign direct investment.

Inward investors increase market competition and inter-firm rivalry, strengthen the supply chain and drive demand for skills within a region that results in retention and attraction of

key talent, to the benefit of the sector as a whole. Inward investors are typically working from a higher asset base than ‘organically grown’ SMEs and their capacity to invest in their own growth results in more, and more sustainable, employment opportunities.

An internationalisation strategy is critical in creating demand for a sector which has only a 6% share of its domestic market. UK retailers who are seeing success overseas (e.g. Ted Baker, All Saints) and e-commerce platforms all offer local companies opportunities to access new international markets.^{14/}

Although East London is not the only site for inward investment in London, the role of ELFC as a catalyst for development of the fashion sector will be a strategic asset in promoting the London region to international investors. ELFC will work with London & Partners, DIT and global industry partners to identify and target businesses (both overseas and domestic) whose investment will strengthen and fill any gaps in the supply chain.

ELFC’s role in catalysing wider development

ELFC will be focused on activity to develop the fashion sector in East London – but will act as a catalyst for developments across London and in the rest of the UK, and build interdisciplinary links with other sectors of the knowledge and advanced manufacturing economy.

- It will be a ‘beacon’ project for the development of the Thames Estuary Production Corridor
- Many of the proposed interventions – the ‘Fashion Skills for London’ framework, Fashion Innovation Playground – are envisaged as pilots for London-wide activity
- ELFC will help local authorities develop knowledge and practice to identify, safeguard and develop affordable premises and specialist production facilities for fashion;
- It will coordinate and signal opportunities to collaborate with and develop market and supply chain opportunities in other sectors of the knowledge economy.
- It will act as a ‘hub’ for coordinated activity with other cluster ‘spokes’ across the regions and nations of the UK

Sector	Demand factors
Advanced manufacturing	Smart materials High performance textiles
Bio- and medtech	Wearables, smart materials – with the potential for cross-overs amplified by Plexal and MedCity
Environmental technologies	Smart materials, wearable technologies, high performance textiles
Culture and the visitor economy	London Fashion Capital Fashion tourism – Hackney Walk Promotion of fashion, arts and crafts through “Made in London” and Open Studio programmes Wayfaring and signage of East London Fashion

Figure 13 Linking fashion and other high value sectors

Opportunities for sustainable and ethical fashion

The Ethical Fashion Forum has identified a growing market for transparency and ‘storytelling’. It argues that consumers would recognise a ‘Made in Britain’ (and by extension ‘Made in London’) brand, regulated within UK production guidelines, as being of ethical and high-quality robustness for which they would be willing to pay a premium.

Clustering holds great opportunities for sustainable fashion. As a hub for technology and research, East London offers the potential for cross-sector collaboration on new sustainable processes and products - e.g. scientists and engineers working with designers to grow wearable fabrics and garments, (see Figure 13, above).

UK manufacture of these new products would also avoid high import costs and taxation. A sustainable fashion strategy would need to be complemented by a policy around supporting factories to deliver smaller runs at affordable costs in order to allow those collaborations to grow into sustainable businesses.

4.2 →

Action Plan Interventions

The action plan for the East London Fashion Cluster sets out a framework for industry led development of the fashion sector. For it to succeed, the investment of industry partners will need to greatly exceed that of the public sector and to extend beyond the remit of economic development. Micro- and small fashion enterprises and individual entrepreneurs will need coordinated information about the opportunities this presents, and support to address them.

However, the business case for the cluster will make it clear that public intervention should only seek to fill the gaps in other provision and address market failure – it cannot provide a solution for every business.

The action plan combines strategic initiatives developed by the group convened by GLA – a public-private partnership between education and industry, sub-regional partners and local authorities – with existing activities that contribute to the fulfilment of the transformational agenda of the strategy.

The action plan contains draft proposals collectively to:

- Increase knowledge exchange between fashion sub-sectors and service sectors
- Address career development, key skills gaps and shortages
- Provide flexible, short-term finance to address undercapitalisation
- Support increasing diversity of the sector through development of ‘smart specialisation’ to address changing market opportunities; improve the perception of opportunities within production
- Incubate businesses
- Promote ethical design and production
- Increase the supply of affordable workspace in cooperation with public sector, private sector developers and community-led initiatives

Coordination and signalling

Existing activity

Let’s Make It Here – Online resource for designers, brands and retailers that works by users rating listings to bring the three groups better together

MySource - digital forum to connect a wide range of fashion makers, designers, and investors, with a shared interest in ethical fashion design and manufacturing

Fashion Capital – membership organisation for UK fashion professionals offering mentoring, apprenticeships

London Fashion Weeks – British Fashion Council-led

BFC and UKFT - existing membership and trade body activities

Trade and investment promotion – BFC and UKFT in partnership with DIT

Proposed new intervention

EAST LONDON FASHION CLUSTER

Lead Partner: London College of Fashion

Wider Partners: GLA, LLDC, Plexal, BFC, industry

Pre-launch activity (to April 2018) will focus on the development of a small entity, incubated within London College of Fashion but with its own governance and an independent, industry-led advisory board, with the capability of driving the development of the ELFC.

The proposed activities set out below include targeted programmes that fill market gaps, advocacy and policy shaping and effective promotion and thought leadership, including signposting and networking. LCF will assume responsibility for some of these functions in the short-term, working in partnership with a wider group, as indicated above. However, the aim will be to establish a new company to deliver in the medium-term, and LCF will explore possible funding streams that could support this coordinating entity.

Skills and training

Existing and planned activity

BFC Education Pillar - Careers initiatives, scholarships and apprenticeships. (NB: 2017 is BFC Year of Education.)

Stitch Academy at Hackney Walk - fashion-related business development and support

Fashion Trust - charitable initiative offering business support to British based designers through financial grants, mentoring and a graduate traineeship programme

Fashion Technology Academy - an offshoot of Fashion Enter: public sector/ industry partnership to deliver a training centre for manufacturing skills related to fashion. It teaches levels 1-4 for NEETs and unemployed people

Newham College – apprenticeships for tailoring and fashion manufacturing

Project leads: UKFT and LCF together with local colleges; LLDC is lending support on ideas for harnessing the Apprenticeship Levy/ working more closely with industry

Proposed new intervention

FASHION SKILLS FOR LONDONERS FRAMEWORK

Lead Partner: Greater London Authority

Wider Partners: UKFT, LFC, LLDC and BFC

ELFC will pilot the development in East London of a Skills Framework identifying key skills and training gaps, Levels 1-4, across the Fashion Sector Pipeline, from craft and technical skills through executive and management. Working closely with industry and informed by demand, the Framework will build towards a costed proposal covering:

Required Skills & Training

- An assessment of skills demand both for shortages (pipeline) and gaps (in current workforce) across fashion manufacturing.
- An appraisal of existing skills provision (careers guidance, courses, modules, facilities, continuing professional development and providers)
- A ‘wishlist’ identifying where additional qualifications, courses, modules and training is required, likely targeting gaps in provision around:
 - Craft and technical skills related to fashion manufacture
 - Tailoring
 - Design and garment technology
 - Digital Skills – including fabrication
 - Management and executive skills
 - Wrap-around business support and mentoring in areas such as cashflow projection, product costing and buying, support for industry compliance
- Exploring potential to broaden participation by mature school leavers (post Apprentice age of 24), with some prior work experience
- A related work stream of training and funding (in the form of loans) to existing and start up manufacturers to enable compliance with ethical production standards (Fast Forward / SMETA Audits)

Delivery Mechanism

- Appraisal of models for training delivery and capacity and technology analysis of FE
- Development of preferred proposal of delivery considering
 - Interface with Apprenticeship levy and Apprenticeship frameworks
 - Review of industry partnerships (retail and manufacture) to leverage investment in the programme
 - Assessment of capital investment required for new facilities and equipment, including potential for streamlining with Focused Manufacturing Hub proposal
- Outline cost for delivery of boosted provision
- Pilot options within unique fashion education ecosystem in East London

Outcomes

- Inform Creative Industry Skills section of the Mayor’s ‘Skills for Londoners Strategy’ being developed throughout 2017- a city-wide strategic approach to ensuring all Londoners and London businesses can access the skills they need to succeed
- Explore potential to expand delivery across London through existing relationships with FE providers in other parts of the capital

Innovation and R&D	<p>Existing and planned activity</p> <p>Digital Anthropology Lab at London College of Fashion - research centre looking at the future of technology in fashion, working alongside organisations and academic institutions who share a similar vision</p> <p>Fashion Innovation Agency at London College of Fashion - collaborations between brands and talented designers, keeping businesses products new and exciting while offering designers previously unprecedented exposure and opportunities.</p> <p>Plexal – interdisciplinary innovation hub (at Here East) supporting start-ups in the development of technology in various areas including fashion – live from June 2017</p> <p>UCL's Institute of Making – a unit with a broad interest in future materials research</p>
	<p>Proposed new interventions</p> <p>FASHION INNOVATION PLAYGROUND Lead Partner: LCF Wider Partners: GLA, CED institutions and stakeholders</p> <p>A hosted challenge fund accelerator programme with the purpose of promoting collaborative R&D projects between technologists, designers, researchers and smes across sectors, and to unlock the collaborative potential and knowledge exchange across the CED, bringing together researchers, designers, technologists and industries with an offer of tangible support and investment.</p> <p>The design of the challenge fund programme will be shaped in response and consultation with the existing networks, assets and ambitions of the CED Institutions, including LCF's Fashion Innovation Agency and Digital Anthropology Lab and Centre for Fashion Enterprise's Fash Tech Pioneers programme and equivalents, and oriented to the business-led and product development focus of Innovate UK funding opportunities across 2017/18:</p> <ul style="list-style-type: none"> – Innovate UK's 'Launchpad' funding for investment in network building, investors, and programming support where there is clear evidence of a 'cluster' and evidence that benefit will be UK-wide (rolling) – Emerging and Enabling funds for business-led R&D projects focused on technology, up to £15m – Open funds – business-led, flexible bids for funding, up to £15m <p>Outcome: New products, platforms and processes and IP resulting from the interaction of fashion design and technology in clothing, jewellery, accessories and services. Ensuring that fashion tech start-ups have the depth of product or supply chain knowledge to fully capitalise on their business opportunity.</p> <p>Next steps: Ongoing concept development, identification of industry or commercial partners and challenge 'hosts' including sources for potential match funding leverage</p> <p>FASHION TECH R&D SHOWCASE Lead Partner: LCF Wider Partners: GLA, UKFT, CED institutions and stakeholders</p> <p>At the physical epicentre of the East London Fashion Cluster will sit a showcasing space (or series of spaces) shared between the institutions within the CED, creating an intensity of collaborative relationships across disciplines, institutions, and sectors around the research and development of new materials, products and platforms. Containing the most advanced equipment for digital fabrication and printing, as well as wet and dry labs for the development of new exploration of sustainable materials and wearable technologies, the facility will act as both a research laboratory as well as a showcase emerging products and materials, acting as a knowledge centre facilitating links and exchange with wider UK fashion industry hubs.</p> <p>Outcome: Delivers on original vision and ambition for the cluster including facilitation of cross-institutional and cross-sectoral collaboration and collaborative learning, tangible facilities to encourage designers, engineers, technologists and industry partnership development; new products and IP development, such as wearable tech, fabric innovation and AR/VR applications for showcasing and retail.</p> <p>Next steps: Wider engagement amongst the CED partners to scope appetite and shape scope of offer, build case for shared investment commission consultants to develop a vision and brief in consultation with wider stakeholders (to include business case, operational/management strategy); investigate potential to leverage Innovate UK from the forthcoming Industrial Challenge Fund earmarked for creative industries, to secure support for cluster/centre development.</p>

Funding	<p>Existing activity</p> <p>Horizon 2020: the biggest EU research and innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020). It is the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness.</p> <p>Innovate UK is the UK's innovation agency; it is an executive arm of BEIS. It works to:</p> <ul style="list-style-type: none"> – determine which science and tech developments will drive economic growth – meet UK innovators in its fields of focus – fund the strongest opportunities – connect innovators with the right partners <p>London Co-Investment Fund offers a tiered co-investment fund providing seed funding (in rounds between £250k and £1m) to match private equity investments. It targets 'high growth tech. science and digital startups.'</p> <p><i>All of the above demonstrate very low levels of take up by UK fashion businesses</i></p>
	<p>Planned activity</p> <p>LONDON FASHION FUND Lead Partner: London College of Fashion</p> <p>LCF's planned equity fund aims to link investors with designers and tech entrepreneurs. It will support fashion business locally, regionally and nationally at all stages of their development; it will help conceive, incorporate and accelerate businesses. A focus of the fund will be to develop fashion entrepreneurship with an environmental and social conscience. It is expected that a significant proportion of the businesses supported by the LFF will be part of the East London Fashion Cluster.</p>

Space	<p>Existing activity</p> <p>Hackney Fashion Hub - designed by the Manhattan Loft Corporation and part-funded by the European Union. The plan: open 100 designer fashion retail outlets, pop up stores, and manufacturing workshops in the next seven years.</p> <p>Open Workspace Providers Group – a network of space of space operators across the capital</p> <p>Fashion Enter – working factory with a training element delivered by experts on-site, providing commercial production capacity and supply chain development opportunities</p> <p>Building Bloqs – a membership-based fashion manufacturing initiative containing a specialist textile lab and workshop space in Enfield BFC Fashion Spaces</p>
	<p>Proposed new intervention</p> <p>FASHION WORKSPACE ALLIANCE Lead partners: London Legacy Development Corporation and Poplar HARCA Wider partners: GLA, BFC: Fashion Spaces, CED institutions and stakeholders, local boroughs, landowners, developers, workspace providers & fashion industry experts and corporates</p> <p>A brokerage 'service' to connect local authorities, developers and fashion businesses to a range of workspace in East London. The 'coordination' service would consist of:</p> <ul style="list-style-type: none"> – A light-touch digital tool/platform for coordinating pipeline of demand and aligns those seeking space with those who have it (developers, boroughs) or want to broker it. – A policy toolkit for local authorities to enable a rapid response both to threats of displacement of existing commercial premises and to new capital funding, including model Section 106 agreements and templates. – Signposting to co-investment funding opportunities for public-private development and to expand production capacity and safeguard industrial and light industrial space – An interface with existing activity of the Open Workspace Providers Group <p>Boroughs and developers will be engaged in an action plan to address supply and the pipeline of demand for commercial premises, reducing the risk of displacement, providing the conditions for new creative enterprise growth within East London's communities. Lead partners will review GLA's strategy for affordable workspace, the range of policy measures and interventions available to local authorities and best practice examples to preserve and promote the use of available commercial premises as a factor influencing the competitiveness of the indigenous fashion sector.</p> <p>Outcome: clearer pipeline linking demand with supply, robust stock of appropriate, new, and refurbished workspace on long tenures to ensure predictable supply of workspace for fashion business; ongoing cross-borough exchange of knowledge and practice.</p> <p>Next steps: ongoing review of policy measures and best practice case studies, lessons learned from online tools and dissemination, development of 'minimal viable product' digital tool to showcase pipeline of demand; ongoing development of brokerage system and signposting to wrap-around services.</p>

Business incubation and support	<p>Existing and planned activity</p> <p>Centre for Fashion Enterprise at London College of Fashion - four-level programme, providing London based designer businesses with tailored mentoring and business guidance that will help them to not only grow, but manage growth</p> <p>Fashioning Poplar - partnership between LCF and housing association Poplar HARCA, supported by GLA funding, located within the new Poplar Riverside Housing Zone and providing a spoke operation for LCF in its new CED hub</p> <p>NEWGEN offers womenswear and menswear designer recipients financial, showcasing, business and mentoring support through the BFC and an external network of partners and mentors.</p> <p>Fashion Technology Academy (at Fashion Enter) provides on-site training manufacture tech skills levels 1-4 within a live factory environment</p>
	<p>Proposed new intervention</p> <p>FOCUSED MANUFACTURING HUB Lead Partner: Open call to industry – facilitated by the ELFC (GLA/LCF in the interim); LCF as lead innovation partner Wider Partners: UKFT with GLA to coordinate input on training provision element</p> <p>In addition to continued support for existing incubation and accelerator programmes, a particular strand of development could seek to commission at least one open access manufacturing hub with a 'wrap around' support (along the lines of 'Manufacture New York') to develop innovative business, inclusive workforce development, education and incubation programmes to support creation of businesses in clothing, textiles and wearable technology; to drive Innovation and compliance in the fashion manufacturing sector and address threats of displacement to existing added value manufacturing.</p> <p>Outcomes:</p> <ol style="list-style-type: none"> I. Boost incubation and acceleration of fashion start-ups and scale ups. II. Boost the productive capacity of London's fashion sector, fostering greater interaction between design and production. III. Enable the pull through for manufacturing on the back of R&D IV. Large retailers would bring back significant production to UK (if compliant manufacturing facilities were scaled up) <p>Next steps:</p> <ol style="list-style-type: none"> I. Concept development - gather best practice from international precedents, info on operating models, industry links II. Research - mapping existing facilities that could be expanded or operators looking to relocate III. Engagement - engage with existing manufacturers to explore a) scope for expansion of provision b) gaps in provision of facilities, equipment <p>Ongoing engagement with boroughs</p>

Existing and planned activity

Fashion is Great - BFC and UKFT in partnership with DIT – international missions to promote export and inward investment

London Fashion Weeks – led by British Fashion Council, these focused, week long events combine catwalk shows, designer showrooms and talks to promote UK and international womenswear and menswear

Mayor's International Business programme - London and Partners initiative to fast track the export capacity of selected London-based companies in the tech, urban and life sciences sectors. Could be tied in with UKFT DIT sponsored export offer – but focused on IP and R&D.

'Made in London' - initiative being explored by Mayors Office over 2017 to showcase the renaissance in productive capacity of the capital.

Proposed new intervention**LONDON CREATIVE FASHION CAPITAL**

Lead Partners: GLA and BFC in discussion

Wider Partners: Example partners include London Festival of Architecture, Hackney Wicked, Open House

Initiative being explored by Mayors Office over 2017 to showcase the renaissance in productive capacity of the capital, combining:

- I. Mayor's International Business programme and 'Made in London' – see existing and planned activity, above
- II. Potential to repurpose past public sector investment into a web platform for London Creative Fashion Capital
- III. Programme of 'open studios' showcasing, and signage in East London celebrating technical craft and skill within London creative industries, potentially aligned with the 'Made in London' initiative in exploration by the Deputy Mayor for Business, and linked with GLA's prior experience developing initiatives which celebrate and promote industrial areas.

Outcome: Sign-posting, celebration and protection of industrial and craft heritage

Next steps: Concept development with key partners, mapping of existing festival provision and operators, internal

4.3 →**Next steps: four stage process**

- I. Pre-launch activity (to April 2018) will focus on the development of a small entity, incubated within London College of Fashion but with its own governance and an independent, industry-led advisory board, with the capability of driving the development of the ELFC. During this period, the pilot project will:
 - Establish a strategic advisory board,
 - Identify further development resource; consult more widely with industry and educational partners
 - Identify new and build upon existing links to other UK clusters
 - Refresh strategy, refine business case and action plan
 - Identify funding to establish separate company
 - Develop communications strategy and marketing plan
 - Recruit (or second) staff to the cluster organisation
- II. The launch of ELFC is targeted for April 2018. By this time, the London Fashion Fund will be in place, and the timetable for other interventions agreed. An initial programme of activity, linked to existing activity across East London, will reinforce the presence, vision and mission of ELFC amongst Fashion businesses and investors.
- III. The relocation of LCF and establishment of CED over 2021/22 will consolidate the gains and learning of the pilot phase. The Fashion Tech R&D Showcase will provide an identifiable entry point for local and UK businesses and international investors.
- IV. Following the relocation of LCF, evaluation of the first three years of ELFC should take place to assist the strategic advisory board and partners in identifying its path to future sustainability. Evaluation should indicate the need for any changes to its structure, governance or programme.

Spreading the benefits across the UK

BFC's 'Value of Fashion' reports have highlighted the need to develop a national plan for fashion industry. This is something that could be given fresh impetus by the offer in the recent draft Modern Industrial Strategy (BEIS) of support or 'sector deals' (funds for skills and research) available only where an industry can come together, demonstrate they have a clear understanding of the issues and problems and can devise a clear set of solutions.

The plan for an East London Fashion Cluster can usefully seed a call for such a piece of work. ELFC focuses on the opportunities in East London, and across the London region – but it also looks to support the development of innovation and production capacity the fashion and textile supply chain in the UK. This approach has potential not only to deliver a fashion sector strategy for London but also to be the 'hub' of a national approach with 'spokes' in other fashion and textile industry clusters in the Midlands and North of England, that would benefit the competitiveness of the UK economy as a whole.

The commitment within the draft action plan to create a national showcase for Fashion-tech and textiles reflects our findings that designers and manufacturers are poorly informed about the range of opportunities for innovation offered by the output of textiles factories, and smart materials and technical textiles expertise, in areas such as Lancashire and Yorkshire.

Collaboration with producers in Manchester, Yorkshire, Leicester and other clusters to find new applications for these materials and processes in sub-sectors such as sportswear and 'affordable luxury' could open up domestic and export markets.

A national sector plan, developed in partnership with British Fashion Council, UKFT, and employers and cluster organisations in other UK regions, would harness the potential offered by London's leadership in innovation, digital manufacturing and global market access to drive competitiveness across the UK fashion and textile industries. This is envisaged as a 'hub and spoke' approach, with ELFC working with clusters across the Midlands, North and Scotland to promote knowledge exchange and joint development.

Benefits of a UK-wide sector plan may include:

- **Scale** - local producers and service providers have access to a wider market
- **Onshoring** – demonstrate capacity to fulfil latent demand for local production amongst UK retailers
- **Knowledge exchange** - collaboration increases the capacity of the combined sectors across the North and Midlands to access knowledge, technical resource and investment through the London cluster, particularly for R&D and innovation
- **Technology transfer** between firms and the knowledge base, and across sector boundaries
- **Efficiencies** obtained through joint planning and support for industry-wide programmes by skills funding agencies and other public authorities across the country
- **Retention and attraction** of talent enhanced by increasing the visibility of opportunities for employment in the fashion sector as a whole, rather than those in a single region.
- **Critical mass** of talent for inward investors – availability of a skilled workforce is the single most important factor in decisions about location
- **Measurable growth** demonstrated by increasing UK fashion's combined domestic retail market share (GVA) from its current base of 6%; increasing exports in volume and value; and evidence that sector growth in London and the UK is faster than that of international competitors.

Section 4 Footnotes

^{12/} https://www.hefce.ac.uk/media/hefce/content/about/How_we_operate/Corporate_planning/Business_plan/HEFCE%20Business%20plan%2011%202%2015.pdf

^{13/} <https://www.disabilityinnovation.com/>

^{14/} Fashion United, 2016. <https://fashionunited.uk/uk-fashion-industry-statistics>



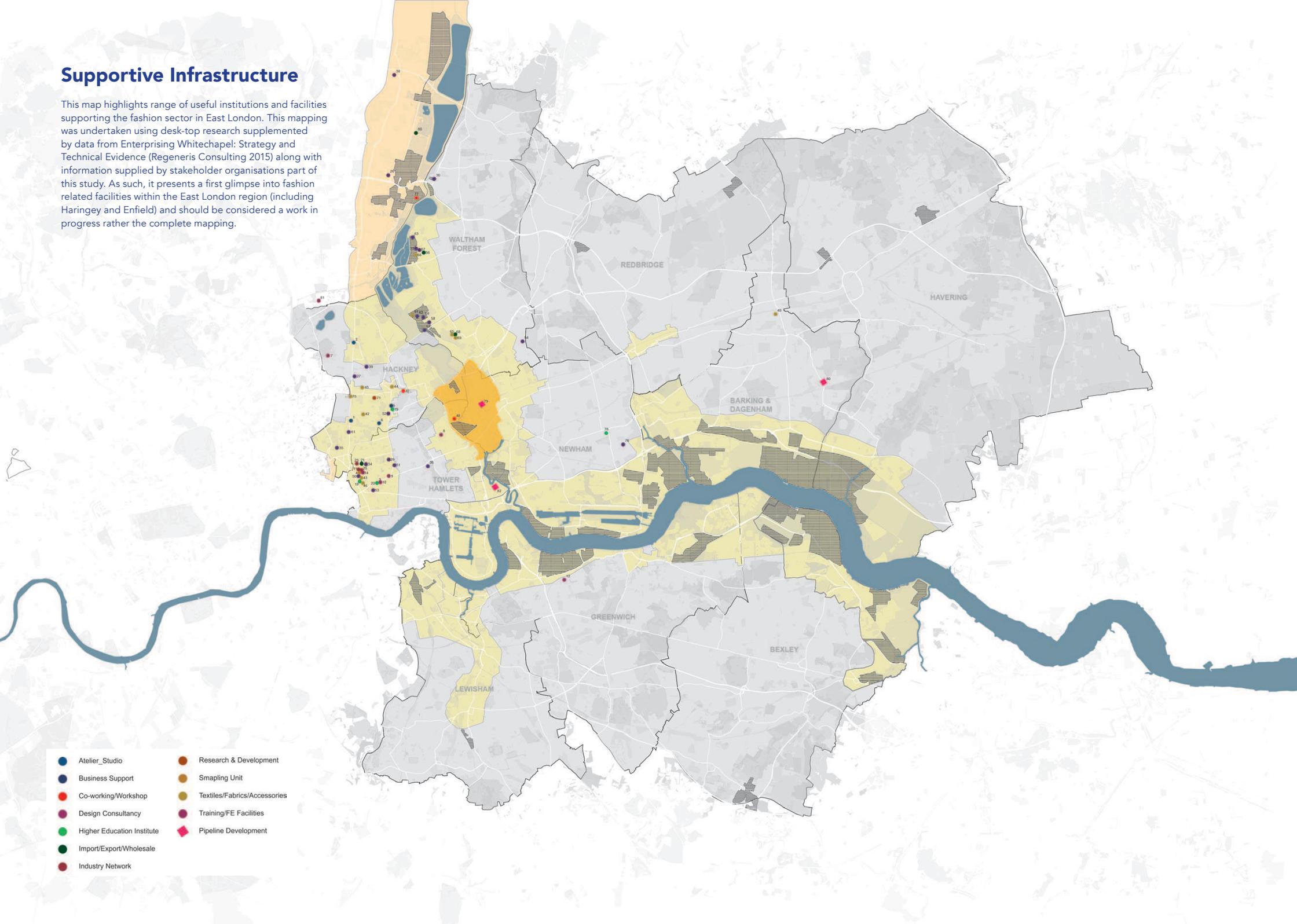
Shoot by Bianca Guthrie BA Hons Fashion Styling and Photography

TECHNICAL APPENDIX

Appendix A —————>
Mapping Fashion Activity

Supportive Infrastructure

This map highlights range of useful institutions and facilities supporting the fashion sector in East London. This mapping was undertaken using desk-top research supplemented by data from *Enterprising Whitechapel: Strategy and Technical Evidence* (Regeneris Consulting 2015) along with information supplied by stakeholder organisations part of this study. As such, it presents a first glimpse into fashion related facilities within the East London region (including Haringey and Enfield) and should be considered a work in progress rather the complete mapping.



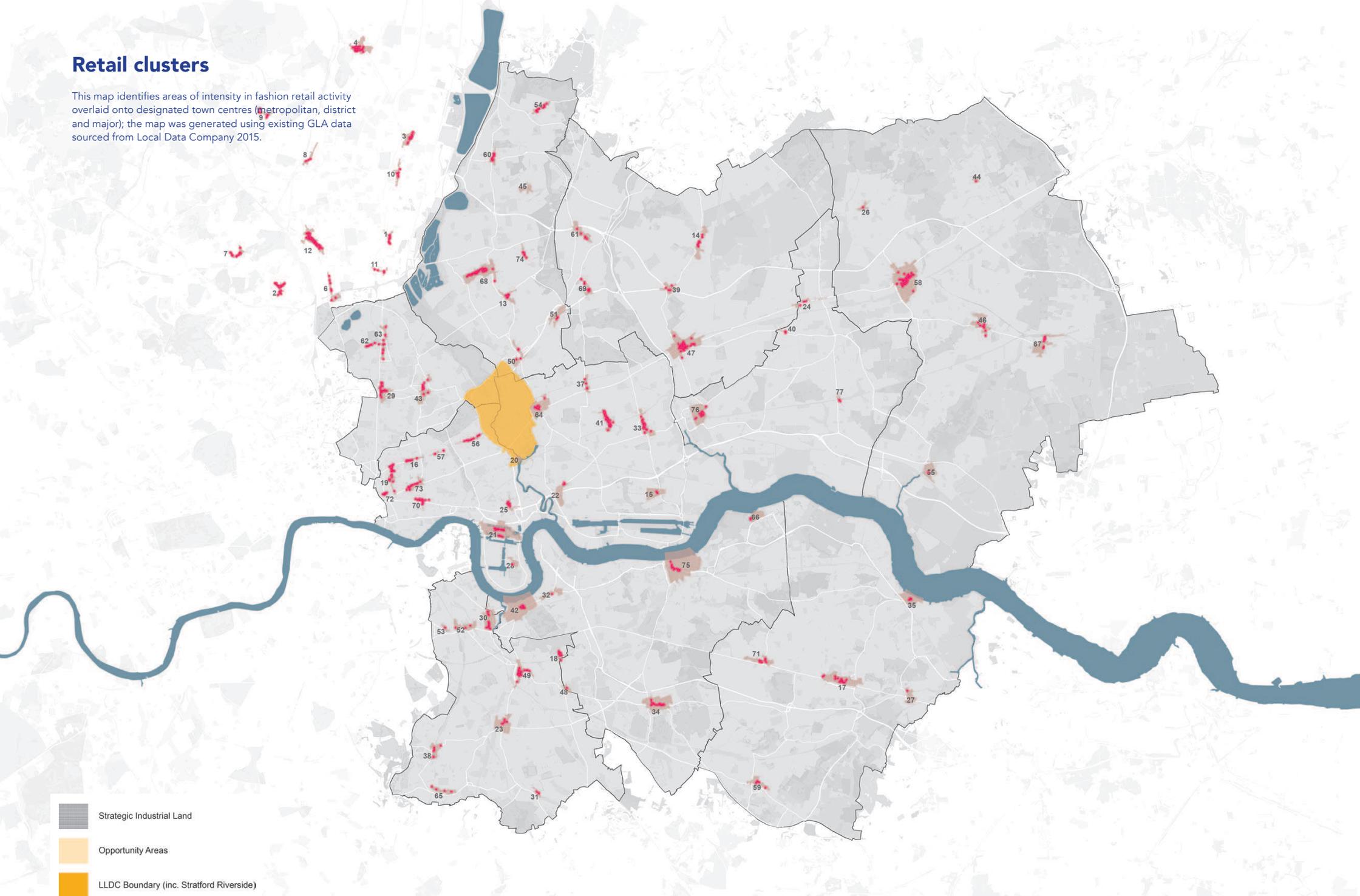
Supportive Infrastructure

Map_ID	Name	Type	Postcode	Borough	Pipeline
1	Designs of London Ltd	Atelier/Studio	E8 4DG	Hackney	
2	Shadiye	Atelier/Studio	N16 0LH	Hackney	
3	Whitechapel Workhouse	Atelier/Studio	E1 1JE	Tower Hamlets	
4	The Sampling Studio	Sampling Unit	E1 6QL	Tower Hamlets	
5	Designer-Manufacturer Innovation Support Centre	Business Support	E8 3RE	Hackney	
6	Fabrications	Atelier/Studio	E8 4PH	Hackney	
7	The Thrifty Stitcher	Training / FE Facilities	N16 9HS	Hackney	
8	Fashion and Textiles Programmes Ideas Store Bow	Training / FE Facilities	E3 5ES	Tower Hamlets	
9	Fashion and Textiles Programmes Ideas Store Whitechapel	Training / FE Facilities	E1 1BU	Tower Hamlets	
10	Fashion and Textiles Programmes Ideas Store Watney Market	Training / FE Facilities	E1 2FB	Tower Hamlets	
11	Heba	Training / FE Facilities	E1 6RU	Tower Hamlets	
12	Ao Textiles	Design consultancy	SE7 7PR	Greenwich	
13	Final Touch Clothing	Distribution / Logistics	N18 3QT	Enfield	
14	Fashion East	Industry Network	E1 6QL	Tower Hamlets	
17	Innovation Centre, London Metropolitan University	HEI	EC2M 6SQ	City of London	
18	Istituto Marangoni Fashion School London	HEI	E1 6PX	Tower Hamlets	
19	London College of Fashion	HEI	E8 3RE	Hackney	
20	Metropolitan Works, Cass Works	HEI	E1 1JE	Tower Hamlets	
21	Bashir and Sons Ltd	Import/Export/Wholesale	E1 6SA	Tower Hamlets	
23	Ethical Fashion Forum	Industry Network	E1 6LA	Tower Hamlets	
24	FASHION basecamp	Industry Network	SE1 2ND	Southwark	
25	Fashion Works	Industry Network	E1 6QL	Tower Hamlets	
27	Alda Ltd	Manufacturing facility	E8 2DJ	Hackney	
29	Maderite	Manufacturing facility	E2 6JB	Tower Hamlets	
30	Gamba Theatrical Footwear	Manufacturing facility	E4 8DJ	Waltham Forest	
33	Blackhorse Atelier	Manufacturing facility	E17 6AA	Waltham Forest	
34	Cock and Bull Mensewar	Manufacturing facility	E2 6EH	Tower Hamlets	
35	Drakes ties	Manufacturing facility	N1 6BS	Hackney	
36	East End Manufacturing	Manufacturing facility	E1 4PN	Tower Hamlets	
38	Triple Stitched Shirts	Manufacturing facility	EN3 4SA	Enfield	
39	TURA	Manufacturing facility	E8 2BT	Hackney	
40	Abbey Quilting Ltd	Textiles/Fabrics/Accessories	RM8 1ES	Barking and Dagenham	
42	Dalston Mill Fabrics	Textiles/Fabrics/Accessories	E8 3NP	Hackney	
43	HC.Bhopal	Textiles/Fabrics/Accessories	E1 6RL	Tower Hamlets	
44	Mermaid Fabrics	Textiles/Fabrics/Accessories	E8 1HR	Hackney	
45	U&I Trimmings	Textiles/Fabrics/Accessories	E8 2NH	Hackney	
46	Z. Butt Textiles	Textiles/Fabrics/Accessories	E1 6RF	Tower Hamlets	
47	Verve Clothing Company Ltd	Warehousing Facility	EN1 1SJ	Enfield	
48	Fish Island Labs	Co-working Space / Workshop	E3 2NQ	Tower Hamlets	
49	Iniva (Institute of International Visual Arts)		EC2A 3BA	Hackney	
50	London undercover	Manufacturing facility	E1 6QR	Tower Hamlets	
51	Needle N Thread Studio	Manufacturing facility	E1 5QJ	Tower Hamlets	
52	The Apparel Company	Manufacturing facility	E8 3SE	Hackney	
53	Classic Cuts Ltd	Manufacturing facility	E1 1EQ	Tower Hamlets	
54	New Planet Fashions Ltd	Manufacturing facility	E11 3EY	Waltham Forest	
56	Viktorija Trimmings Ltd	Import/Export/Wholesale	E17 6BU	Waltham Forest	
57	Fashionhart Ltd	Manufacturing facility	E17 6SH	Waltham Forest	
58	De La Creme Ltd	Manufacturing facility	E10 7QG	Waltham Forest	
59	K & K Shoe Components	Manufacturing facility	E10 7QZ	Waltham Forest	
61	Lie Down I Think I Love You	Manufacturing facility	E2 8AN	Hackney	
62	Dolana of London Ltd	Manufacturing facility	E10 7QE	Waltham Forest	
63	Routine 2000 (UK) Ltd	Manufacturing facility	E17 5RB	Waltham Forest	
64	Protech Embroidery Ltd	Textiles/Fabrics/Accessories	E10 7QP	Waltham Forest	
65	Just Jersey Ltd	Textiles/Fabrics/Accessories	E10 7BT	Waltham Forest	
66	Wagland Textiles Ltd	Textiles/Fabrics/Accessories	E17 6DP	Waltham Forest	
67	Capricorn Fashions UK Ltd	Manufacturing facility	E10 7QL	Waltham Forest	
68	Advance Apparel Ltd	Import/Export/Wholesale	E10 7BT	Waltham Forest	
69	Cover-Tex Ltd	Textiles/Fabrics/Accessories	E10 7DE	Waltham Forest	

70	Hackney Walk - Stitch Academy	Co-working Space / Workshop	E9 6LH	Hackney	
71	Nike Textile Lab	Research & Development	E8	Hackney	
72	FabLab London	Co-working Space / Workshop	EC2R 8AE	City of London	
75	William Gee	Textiles/Fabrics/Accessories	E8 4AR	Hackney	
76	FFGM	Manufacturing facility	E6 6DE	Newham	
77	Building Bloqs	Co-working Space / Workshop	N18 3QT	Enfield	
78	Newham College	HEI	E6 6ER	Newham	
79	Londoneast UK - Film Studio		RM10 7XS	Barking and Dagenham	Yes
80	London College of Fashion - Stratford Riverside	HEI	E20	Newham	Yes
81	Fashion Enter	Training / FE Facilities	N4 1LZ	Haringey	
82	Fashioning Poplar	Co-working Space / Workshop	E14	Tower Hamlets	Yes

Retail clusters

This map identifies areas of intensity in fashion retail activity overlaid onto designated town centres (metropolitan, district and major); the map was generated using existing GLA data sourced from Local Data Company 2015.



Retail Clusters

Map_ID	NAME	BOROUGH	TYPE	SOURCE
1	Bruce Grove/Tottenham High Road	Haringey	District Town Centre	Supplied by Borough 2012/13
2	Crouch End	Haringey	District Town Centre	Supplied by Borough 2012/13
3	Edmonton Green	Enfield	District Town Centre	Provided by Borough 2012/13
4	Enfield Town	Enfield	Major Town Centre	Provided by Borough 2012/13
5	Finsbury Park	Hackney/Haringey/Islington	District Town Centre	Hackney&Islington Supplied by Borough 2012/13. Haringey from 2009 TCHC layer.
6	Green Lanes	Haringey	District Town Centre	Supplied by Borough 2012/13
7	Muswell Hill	Haringey	District Town Centre	Supplied by Borough 2012/13
8	Palmers Green	Enfield	District Town Centre	Provided by Borough 2012/13
9	Southgate	Enfield	District Town Centre	Provided by Borough 2012/13
10	Upper Edmonton	Enfield	District Town Centre	Provided by Borough 2012/13
11	West Green Road/Seven Sisters	Haringey	District Town Centre	Supplied by Borough 2012/13
12	Wood Green	Haringey	Metropolitan Town Centre	Supplied by Borough 2012/13
13	Bakers Arms	Waltham Forest	District Town Centre	Supplied by Borough 2012/13
14	Barkingside	Redbridge	District Town Centre	Supplied by Borough 2012/13
15	Beckton Town Centre	Newham	District Town Centre	Supplied by Borough 2012/13
16	Bethnal Green	Tower Hamlets	District Town Centre	Supplied by Borough 2012/13
17	Bexleyheath	Bexley	Major Town Centre	TCHC 2009 Layer
18	Blackheath	Lewisham	District Town Centre	Supplied by Borough 2012/13
19	Brick Lane	Tower Hamlets	District Town Centre	Supplied by Borough 2012/13
20	Bromley-by-Bow	Tower Hamlets	Potential District Town Centre	Supplied by Borough 2012/13
21	Canary Wharf	Tower Hamlets	Major Town Centre	Supplied by Borough 2012/13
22	Canning Town	Newham	District Town Centre	Supplied by Borough 2012/13
23	Catford	Lewisham	Major Town Centre	Supplied by Borough 2012/13
24	Chadwell Heath	Barking and Dagenham/Redbridge	District Town Centre	Both Supplied by Borough 2012/13, B&D slight amends.
25	Chrisp Street	Tower Hamlets	District Town Centre	Supplied by Borough 2012/13
26	Collier Row	Havering	District Town Centre	Supplied by Borough 2012/13
27	Crayford	Bexley	District Town Centre	TCHC 2009 Layer
28	Crossharbour	Tower Hamlets	Potential District Town Centre	Supplied by Borough 2012/13
29	Dalston	Hackney	Major Town Centre	Supplied by Borough 2012/13
30	Deptford	Lewisham	District Town Centre	Supplied by Borough 2012/13
31	Downham	Lewisham	District Town Centre	Supplied by Borough 2012/13
32	East Greenwich	Greenwich	District Town Centre	TCHC 2009 Layer
33	East Ham	Newham	Major Town Centre	Supplied by Borough 2012/13
34	Eltham	Greenwich	Major Town Centre	TCHC 2009 Layer
35	Erith	Bexley	District Town Centre	TCHC 2009 Layer
37	Forest Gate	Newham	District Town Centre	Supplied by Borough 2012/13
38	Forest Hill	Lewisham	District Town Centre	Supplied by Borough 2012/13
39	Gants Hill	Redbridge	District Town Centre	Supplied by Borough 2012/13
40	Green Lane	Barking and Dagenham	District Town Centre	Supplied by Borough 2012/13
41	Green Street Town Centre	Newham	District Town Centre	Supplied by Borough 2012/13
42	Greenwich West	Greenwich	District Town Centre	TCHC 2009 Layer
43	Hackney Central	Hackney	District Town Centre	Supplied by Borough 2012/13
44	Harold Hill	Havering	District Town Centre	Supplied by Borough 2012/13
45	Highams Park	Waltham Forest	Potential District Town Centre	Supplied by Borough 2012/13
46	Hornchurch	Havering	District Town Centre	Supplied by Borough 2012/13
47	Ilford	Redbridge	Metropolitan Town Centre	Supplied by Borough 2012/13
48	Lee Green	Lewisham	District Town Centre	Supplied by Borough 2012/13
49	Lewisham	Lewisham	Major Town Centre	Captured by GLA from PDF
50	Leyton	Waltham Forest	District Town Centre	Supplied by Borough 2012/13
51	Leytonstone	Waltham Forest	District Town Centre	Supplied by Borough 2012/13
52	New Cross	Lewisham	District Town Centre	Supplied by Borough 2012/13
53	New Cross Gate	Lewisham	District Town Centre	Supplied by Borough 2012/13
54	North Chingford	Waltham Forest	District Town Centre	Supplied by Borough 2012/13
55	Rainham	Havering	District Town Centre	Supplied by Borough 2012/13
56	Roman Road East	Tower Hamlets	District Town Centre	Supplied by Borough 2012/13
57	Roman Road West	Tower Hamlets	District Town Centre	Supplied by Borough 2012/13
58	Romford	Havering	Metropolitan Town Centre	Supplied by Borough 2012/13
59	Sidcup	Bexley	District Town Centre	TCHC 2009 Layer

Map_ID	NAME	BOROUGH	TYPE	SOURCE
60	South Chingford	Waltham Forest	District Town Centre	Supplied by Borough 2012/13
61	South Woodford	Redbridge	District Town Centre	Supplied by Borough 2012/13
62	Stoke Newington Church Street	Hackney	Potential District Town Centre Extension	Digitised by GLA
63	Stoke Newington High Street	Hackney	District Town Centre	Supplied by Borough 2012/13
64	Stratford	Newham	Metropolitan Town Centre	Supplied by Borough 2012/13
65	Sydenham	Lewisham	District Town Centre	Supplied by Borough 2012/13
66	Thamesmead	Greenwich	District Town Centre	TCHC 2009 Layer
67	Upminster	Havering	District Town Centre	Supplied by Borough 2012/13
68	Walthamstow	Waltham Forest	Major Town Centre	Supplied by Borough 2012/13
69	Wanstead	Redbridge	District Town Centre	Supplied by Borough 2012/13
70	Watney Market	Tower Hamlets	District Town Centre	Supplied by Borough 2012/13
71	Welling	Bexley	District Town Centre	TCHC 2009 Layer
72	Wentworth Street	Tower Hamlets	CAZ Frontage	Supplied by Borough 2012/13
73	Whitechapel	Tower Hamlets	District Town Centre	Supplied by Borough 2012/13
74	Wood Street	Waltham Forest	District Town Centre	Supplied by Borough 2012/13
75	Woolwich	Greenwich	Major Town Centre	TCHC 2009 Layer
76	Barking	Barking and Dagenham	Major Town Centre	TCHC 2009 Layer
77	Dagenham Heathway	Barking and Dagenham	District Town Centre	Supplied by Borough 2012/13

Appendix B

Methodology

Measuring the contribution of fashion – employment effects

Our results are underpinned by data sourced from the Business Register and Employment Survey (BRES) for headcount employment in relevant 4-digit Standard Industrial Classification (SIC) sectors across the relevant Local Authority Districts (LADs). The choice of SIC codes was based on the definition of the fashion sector used in Oxford Economics' study "Value of Fashion" (VOF) study on behalf of the British Fashion Council. In certain cases, these sub-sectors contained a broader range of activities than compatible with this definition of the fashion industry. In such cases, a scaling factor was applied to estimate the share of the sub-sector that was VOF-equivalent. Gross Value Added (GVA) was estimated using an assumed productivity (GVA per worker) based on national trends in each sub-sector, according to results from the 2015 Annual Business Survey (ABS). For each LAD sub-sector, these results were adjusted based on the ratio of local : national productivity in the relevant broader industry section (either distribution, manufacturing or professional services). We also analysed data from BRES – using location quotients, or LQs, which indicate relative concentrations of particular business sectors - to analyse at the distribution of designers of all kinds within the East London workforce to see if it reflected trends in the fashion sector, particularly the impression that value creation is increasingly moving East.

This study is informed by an extensive desk-based review of existing publications, scholarly articles and online resources. This was used as part of the process of horizon scanning to establish trends in the fashion industry and potential threats in the political, economic, social and technology environment.

Method statement for defining the contribution of fashion design

There is no single official source for the number of fashion designers in the UK. Employment statistics for 'design' at a national level include not only fashion design but graphic design and other product design. Without inspection of individual records, it would be impossible to accurately disaggregate those who are fashion designers; and then to go on to make estimates of GVA. We also need to take into account that a number of individuals may not be registered as businesses and would not in any case appear in the sample data.

We have tried to address this in our study by taking a 'mixed method' approach to fashion design. We have used a number of proxies, including the number of self-declared 'fashion designers' giving their location as 'London' on LinkedIn (over 3,500) to refine our estimates of employment in fashion design and the contribution that makes as a direct output. We have assumed that 70% of fashion designers subscribe to LinkedIn – an estimate based on a wider sample of skilled creative professionals used to derive employment estimates for inward investment marketing for DIT and other UK cities - to give us a figure of 5,000 designers in the capital.

BRES data for 2015 (the most recent available) shows 15,100 employees in London under standard industrial classification code 74.10 (specialised design, including fashion designers). We have therefore applied a scalar of 33.3% to total employment under 74.10 in BRES for the boroughs of East London and Upper Lea Valley to arrive at the numbers shown here. This estimate was supported by statements from industry experts in the focus groups about the number of designers in East London.

Of course, the impact of design is also felt in the buying decisions of wholesalers, retailers and consumers, but that added value is already reflected in the numbers for retail and distribution.

Appendix C

Baseline data

Area	Total					
	Employment			GVA		
	2010	2015	% change 2010 - 2015	2010 (£m)	2015 (£m)	% change 2010 - 2015
East London Total	19,300	28,200	46	700.3	1,119.4	60
East London and Upper Lea Valley Total	25,300	36,200	43	900.7	1,417.0	57
London Total	131,300	159,700	22	4,363.5	5,644.5	29
East London and Upper Lea Valley as % of London Total	19%	23%		21%	25%	
	Design					
East London Total	500	900	75	42.7	87.8	105
East London and Upper Lea Valley Total	600	1,000	67	51.5	102.3	103
London Total	3,500	5,100	44	201.3	341.0	69
East London and Upper Lea Valley as % of London Total	17%	21%		26%	30%	
	Manufacture					
East London Total	2,000	3,600	78	73.1	155.4	113
East London and Upper Lea Valley Total	3,300	6,400	97	113.5	255.9	128
London Total	11,700	13,200	13	481.3	509.4	6
East London and Upper Lea Valley as % of London Total	28%	49%		24%	50%	
	Retail					
East London Total	13,900	20,700	49	393.4	658.9	68
East London and Upper Lea Valley Total	17,600	24,900	42	450.0	728.7	62
London Total	93,500	117,100	25	2,455.3	3,450.8	40.5
East London and Upper Lea Valley as % of London Total	19%	21%		18%	21%	
	Distribution					
East London Total	2,900	2,900	2	187.6	210.0	12
East London and Upper Lea Valley Total	3,800	3,800	0	209.5	233.3	11
London Total	22,300	23,800	7	1,198.1	1,284.8	7
East London and Upper Lea Valley as % of London Total	17%	16%		17%	18%	
	Advertising					
East London Total	0	0	32	3.5	7.2	106
East London and Upper Lea Valley Total	0	100	32	3.6	7.5	110
London Total	400	600	39	27.5	58.4	113
East London and Upper Lea Valley as % of London Total	10%	9%		14%	13%	

Appendix D

Focus group participants

Workshop 1 - Manufacturing		
Anna Ellis	Production Manager	LCF Centre for Fashion Enterprise
Mika Nash	Co-founder	Insley & Nash
Alice Burkitt	Consultant	UKFT
Daliah Simble	Consultant	Simble Consulting
Workshop 2 - Skills		
Michelle de Conto	Business Advisor	British Fashion Council
Matthew Drinkwater	Head	Fashion Innovation Agency
Stuart Balmer	Business Adviser	London Small Business Centre
Annette Cast	Deputy Principal	Newham College
Adam Mansell	CEO	UKFT
Charles Armstrong	Founder	The Trampery
Anne Malcolm	Town Centre Manager	London Borough of Hackney
Workshop 3 - Retail, Distribution and Media		
Stuart Trevor	Founder	All Saints
Susie Lau	Founder	StyleBubble
Andrew Sissons	Strategy Director	Hackney Walk
Alfredo Orobvivo	Founder	Away to Mars
Anne Malcolm	Town Centre Manager, Hackney Central	London Borough of Hackney

LCF project manager Alanah Cullen, and fashion industry experts Bill Mills (Founder of Texnet) and Toby Meadows (a tutor and mentor at LCF Centre for Fashion Enterprise) attended all three workshops.

Appendix E

Scenario planning workshop

Participant	Organisation
Adam Mansell	UK Fashion & Textile Association
Alanah Cullen	LCF
Anna Jobson	LCF
Caroline Rush	British Fashion Council
Claire Cockerton	Plexal
Edward Venning	LCF
Frances Corner	LCF
Gavin Poole	Here East
Jackie McNerney	GLA
Jamie Dean	GLA
Judith Rosser-Davies	British Fashion Council
Kirsten Dunne	GLA
Kit Harmen	Plexal
Linda Roberts	LCF
Matthew Drinkwater	LCF
Michelle May	LLDC
Olivia Tusinski	GLA
Paul Augarde	Poplar HARCA
Simon Brereton	Leeds City Council
Toby Meadows	Independent industry expert
Vanessa Podmore	Burberry

The workshop, held on 24 November 2016, was facilitated by Paul Owens, Iain Bennett, Joshua Dedman and Patrizia Casadei of BOP Consulting

Appendix F

Other case study findings

Notes on New York and Istanbul studies

East London Fashion Cluster

Case study

New York

Commercial Fashion Capital

Taking the planning lead - EBA

New York City Planning has proposed creation of an "Enhanced Business Area" (EBA), to balance manufacturing and creative office uses. Stipulation that 17% of the new buildings must be used for production. Proposal to include a "look back" provision to ensure the creation of new production space does not displace existing manufacturing.

Manufacture New York

- February 2015: mayoral announcement to double investment in "Made in NY" program, from \$5million to \$10million.
- First initiative of the programme is launch of "MadeinNYFashion.nyc", a portal for designers and manufacturers
- Manufacture NY (www.manufacturenyc.com) established in Brooklyn – backed in part by a \$315m programme from DARPA (US defence research organisation) and MIT to develop innovative new textiles and materials.

Planned initiatives

- Fully funded internship and scholarship for students
- Seed funding to help existing companies explore "advanced technologies"
- A production summit event
- Digital production platform
- Exhibition funding
- Continued funding for: Fashion Production Fund, a loan program and the Fashion Manufacturing Initiative run by the Coalition of Fashion Designers of America

Indirect benefits

New York fashion industry:

- Employs 173,000
- Contributes 4.8% of city total workforce
- Generates \$10 billion in annual wages
- Contributes \$2 billion in tax
- \$72 billion generated in wholesale sales
- 500,000 visitors to wholesale showrooms and stores annually

East London Fashion Cluster

Case study

Istanbul

Mass manufacturing cluster

As a cotton producer Turkey has an integrated production system across all sub-sectors of the textile and garment industry, with three main centres of activity: Istanbul, Adiyaman and Denizli. Istanbul has promoted itself as a fashion hub and has acted as an effective portal to access the lower wage cost locations within Turkey.

Istanbul has been the recipient of EU cluster funds over the past 7-10 years, co-ordinated by a strong, private sector cluster organisation - IHKIB. The effectiveness of this support is difficult to gauge; would Istanbul fashion cluster have established these initiatives without this external support?

Background

1960-1970: Import substitution policy
 1973: Multi Fibre Agreement established (MFA)
 1990: Opening up of export markets
 1996: Turkey joins EU custom Union
 2005: Removal of all import tariff barriers
 2005: Turkey receives EU funding to establish Fashion and Textile Cluster (FTC) to increase international competitiveness
 2006: LCF established Fashion Institute
 2006: Launch of TURQUALITY®

Scale and dimensions of the Istanbul cluster

- 275,000 employees across 9,425 companies (nationally)
- Cluster dominated by 20 large vertical manufacturers, subcontracting within metropolitan region and in other lower cost locations across Turkey
- Cluster is co-ordinated by IHKIB: Istanbul Apparel Exporters Association, established 1998. Its core activities are:
 - Promotion
 - Design
 - Training
 - Sector representation

Sector initiatives

- Overarching public sector cluster project: "Improving International Competitiveness Through Design, Trend and promotion Based Cooperation in Ready Made Sector", co-ordinated by IHKIB and supported by Ministry of Economy of Turkey.
- ERDF funded project initiatives:
 - Fashion trends and forecasting training: Istanbul Apparel and Design Cluster, comprising 25 companies, 12 manufacturers and 13 designers working in womenswear
 - Istanbul Lingerie Cluster: July 2015 working with 22 companies to improve marketing and have a joint stand at Salon International De La Paris 2016

Political



Strengths

- EU Customs membership

Opportunities

- Potential EU accession (though this prospect is receding)

Threats

- Recent political "coup" and resulting internal reaction

Economic



Strengths

- Proximity to export markets
- Key brands: LC Waikiki, Sarar, Mudo, Mavi and Ipekyol
- Low corporate income tax (20%)

Weaknesses

- Global current account deficit
- Over-reliance on continuing large capital inflows of FDI
- Lack of R&D investment

Opportunities

- Increasing domestic demand

Social



Strengths

- Young population
- Influx of migrant labour from Syrian conflict

Threats

- Cost rise associated with increased labour standards:
- Increasing labour rates in Istanbul metropolitan area
- 43.39 TL weekly wage in Istanbul garment sector (~ £10)
- 60% of active apparel labour force is considered to work in Turkish unregistered economy

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