FASHION

SECTOR INVESTMENT PLAN

- A City Fringe City Growth Programme -

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1. INTRODUCTION

1.1 Purpose of this Document

The City Fringe is an area of inner London which borders the northern and eastern boundaries of the City of London, crossing parts of the London boroughs of Camden, Islington, Hackney and Tower Hamlets. There is a proportionally high concentration of fashion businesses based within this area, with nearly 900 firms representing 6,500 employees. Fashion accounts for 21% of all creative firms and 6% of firms across all sectors within the City Fringe. Fashion is over represented in the City Fringe area in terms of employment in the sector but also in terms of the numbers of businesses located there, an indication that fashion business are indeed clustering within the City Fringe (Analysing the Creative Sector in the City Fringe 2004, TBR Economics).

Despite such healthy clustering activity, many businesses in this industry are either stagnant or struggling. This sector investment plan aims to keep the fashion industry thriving in the City Fringe. The plan outlines a series of programmes which the local industry has deemed necessary to help businesses adapt to industry changes, become more proactive, productive, and more competitive. Contractions in manufacturing due to low wage producers overseas, changing market expectations, new technologies, diminishing workforce, lack of affordable workspace, and under-skilled labour, are some of the issues the industry aims to address through this Fashion Sector Investment Plan.

1.2 Methodology & Approach

This sector investment plan is the product of comprehensive research, mapping, and consultation with the industry and its support providers.

Contact has been made with all of the London based agencies that provide specialist support to fashion businesses to determine the scope of provision currently available, identify gaps in provision, and gauge the views of providers with regard to the needs and opportunities of the industry.

A survey of City Fringe fashion businesses was completed covering a wide range of topics including support utilised, skills & training, challenges faced, business development, opportunities for growth, and impact of location in the City Fringe. In addition, a focus group with representation from the various sub sectors, was brought together to provide more informal, anecdotal feedback. This work has been invaluable in identifying areas which the industry deems as highest importance for survival, and future growth.

From this background work we have developed a robust rationale for intervention as a basis for the detailed sector investment plan and implementation programme set out in this document.

The methodology used to draft this FSIP was based on the City Growth approach of engaging with local businesses, ensuring genuine private sector involvement in the design and implementation of programmes and activities which support their industry. Our ethos is to build upon existing resources and expertise to strengthen the offer of industry support in a way that will make services more relevant to long term sustainability in the sectors.

2. BACKGROUND AND CONTEXT

2.1 National Background and Context:

2.1.1 Significance to the UK Economy

The UK fashion industry comprises of the design, manufacture, and sale of high value designer products, as well as wider ranging lower value apparel products. Though there are some commonalities amongst the two markets in terms of the issues they face and their contributions to the economy, there are also some differences worth noting.

a) Designer Fashion Industry

The designer fashion market has become a highly significant component of the fashion sector in the UK economy, for London in particular. Designer fashion has outperformed the UK's standard apparel market considerably with regard to international trade.

In 2003, The Department of Trade and Industry and the British Fashion Council commissioned *A Study of the UK Designer Fashion Sector*. For the purpose of their study designer fashion was defined as:

"Individuals or teams that combine creativity and originality to produce a clothing collection with a specific or 'signature' identity exemplified by, but not restricted to, the type of company that participates at international trade shows such as London Fashion Week and its equivalents. Fashion designers may produce diffusion lines in addition with their 'flagship collections and range from established designers with an international reputation or 'brand' to 'cutting edge' newcomers."

The report highlighted the following trends:

- Only 6% of designers employ 25 or more people, while 60% of designers employ 5 or fewer staff, and just under 20% are sole traders employing no staff.
- Most employment created by designer fashion comes through indirect staffing, with some 45% of designers contracting between 1 and 10 outworkers and almost 25% contracting more than 25.
- The designer fashion sector has grown from £75 million in 1990 to £700 million in 2001. (inclusive of wholesale, retail, and licensed income) This is a compound growth rate of 22.5% per year, significantly greater than the UK clothing market at large.
- The sale of designer fashion manufactured in the UK provides for the employment for 8,500 people, the equivalent of 6% of UK clothing employment at large.
- Although designer fashion accounts for less than 1% of the *volume* of the UK clothing market, it is worth 3.5% of the *value* of the UK clothing market.
- Together with classic and contemporary brands and stand alone designer

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Making it Happen, the National Strategy for the UK Textile and Clothing Industry produced in 2000 by the Textile and Clothing Strategy Group (TCSG) reported that the textile and clothing industry makes a major contribution to the UK economy. It is the 9th largest manufacturing sector in the UK, and as of January 2000 it employed 277,000 people across the country. It has a significant presence in the North and East parts of London, as well as in the East Midlands, Yorkshire, the Scottish Borders and Northern Ireland.

According to Key Note, a UK market intelligence company which compiles industry trends, the UK clothing and footwear market was worth £44 bn at Retail selling prices in 2004. The market has grown strongly in the early 2000s, exceeding the overall increase in consumer expenditure. Key Note forecasts slower growth for the market between 2005 and 2007 but with an acceleration towards the end of the forecast period.

Apparel Manufacturing experienced a sharp contraction in output (GVA) of 45% between 1998 and 2003, with employment falling even more steeply by 60%. The contraction in employment was heavily concentrated in the sewing machinist occupation, the largest single occupation in the industry, as labour intensive processes were transferred offshore.

Wholesale activities grew by 9% (GVA) during the same period; with employment in this sub-sector rising by 8% possibly as a result of wholesalers taking advantage of the low cost imports from overseas.

2.1.2 National Issues and Strategy

It is well documented that the fashion manufacturing industry in its traditional form is in decline, primarily due to increased globalisation which has brought about stiff competition with overseas producers which pay lower wages. Efforts to compete directly with low labour cost manufacturers would likely prove fruitless, and given the recent increase in liberalisation in world trade even further competition from overseas economies is imminent.

The 2005 *Cox Review of Creativity in Business: building on the UK's strengths* report rightly recognises this increase of overseas competition as a serious threat, but also goes on to note:

"The upside is that these rapidly expanding economies will stimulate global economic growth and will themselves provide major new markets. Moreover, the review revealed that there is still a window of opportunity – perhaps five or ten years- while the new economies develop the kinds of creative skills necessary to compete across the board. To take advantage of these opportunities and create a viable, attractive future for the UK economy, UK companies and industries will need to produce innovative, high-quality, high value-added products and services, and bring them quickly and effectively to market."

Similarly, in the *National Strategy for the UK Textile & Clothing Industry*, the TCSG asserts that:

> *"The industry must respond quickly to these changing circumstances. If it does so, it will slow the pace and scale of its contraction and increase the chances of maintaining the critical mass necessary for the continuation of a viable UK textile and clothing industry."*

The report suggests specifically that the key to future competitiveness for UK apparel manufacturing lies in focusing on:

- Design and product innovation;
- Marketing and branding;
- Speed of response;
- Capital Investment

To achieve in these areas the national strategy recommends the following:

- manufacturer/retailer co-operation for more efficient supply chains; *The FSIP addresses this objective by proposing a programme offering one-to-one mentoring aimed at assisting manufacturers to engage directly with retailers.*

- more effective use by the industry of UK design talent; *This FSIP addresses this objective by proposing business and production assessment programmes during which recommendations will be made for in house design, or incorporation of design elements into the production process.*

- better use of expertise and resources available in university and colleges; *The FSIP addresses this objective by proposing to partner with educational institutions for the delivery of several interventions, including skills assessment and training.*

- effective promotion of the industry's reputation for quality and excellence; *The FSIP addresses this objective by proposing an extensive programme of public relations, marketing and promotion initiatives geared toward the sharing of good practice and success in the industry.*

- enhancing innovation by collaboration; *The FSIP addresses this objective through a programme that will help to make interactions between designers and manufacturers more commercially productive, as well as programmes which will make linkages between the manufacturers, retailers, and designers.*

- improving and formalising training and career development; *The FSIP addresses this objective by proposing programmes for skills assessment and training development, courses to prepare designers for working with manufacturers, and workshops to affect design-led creative thinking in manufacturing business.*

- strengthening marketing skills; *The FSIP addresses this objective by proposing a business improvement programme for manufacturers. One of the topics reviewed will be the effectiveness of marketing materials, making recommendations for improvements which will result in wider customer base and increased profits.*

- Improving the image of the industry; *The FSIP addresses this objective by proposing an extensive programme of public relations, marketing and promotional initiatives geared toward the sharing of good practice and success in the industry.*

2.2 Regional Background and Context:

2.2.1 Significance to the London Economy

London's Fashion industry employs just under 21,000 people in 3,125 businesses in the textiles and clothing sector across London. Most of these businesses are clustered in Tower Hamlets, Hackney, Haringey, Islington and Westminster. In London the Designer Fashion workforce numbers some 7,400.

Fashion plays an important role in London's economy and its diversity, by employing markedly from the Black, Asian, and Minority Ethnic (BAME) communities particularly in the sub sectors of wholesale and manufacture.

According to *The Production Industries in London Strategy and Action Plan 2005 – 2008* produced by the LDA, manufacturing industries account for around 6% of total employment in London. All of London's manufacturing sectors have lost jobs over the past two decades, with losses of 59,000 amongst the textiles, clothing and furnishings sectors. In terms of the remaining workforce, the report claims, *"the weakest of London's large sub-sectors is textiles and clothing, where productivity is below the national average."*

In the 2004 GLA report, *London's Creative Sector,* it is made clear that despite weaker productivity, *"London is actually the region in which the clothing industry has declined the least. This is a lot to do with the growth of the designer fashion sector, which –as Italy's success testifies- requires a very different type of manufacturer; one that can produce a very precise kind of cloth for a very small range of outputs but with great flexibility and precision, to produce the precise effect that the designer requires for one particular item."*

2.2.2 Regional Issues and Strategy

The significance of London's designer fashion sector is substantiated by a number of factors:

- *International Profile.* London is one of the world's leading fashion design centres, and ranks along with Paris, New York and Milan as a key centre for this activity. London Fashion Week attracts approximately 40% of attending buyers, and 33% of accredited journalists, from overseas

- *Skills Base and Higher Education.* London is a major source of higher education within the sector. It has world class Higher Education institutions, particularly Central St Martins College and the London College of Fashion, offering specialist education in fashion design, merchandising, and production.

- *National Focus*. Some 85-90% of UK fashion designers are based in London and 18% of the UK designer fashion workforce is based in London.

- *Entrepreneurialism.* London is a strategically important location for the development of young fashion businesses. There are a range of agencies providing specialist support to fashion start ups and growing companies.

- *Earnings and International Trade.* Some 60% of fashion designers export their work. The region is an important centre for marketing and promotion given major events such as London Fashion Week and has a nucleus of successful fashion publishers.

The London Development Agency, through the Creative London programme has and will continue to support London as a significant global marketplace for fashion design through regional policies and projects such as London Fashion Week (LFW). Our research suggests (see section 3.3.2) that PR, Shows and exhibitions are a key success factor for designers and we will work closely with the LDA to ensue that their support of LFW and other high profile fringe shows in London benefit city fringe designers.

Despite such a positive focus on London as a centre for fashion design, other segments of the industry are facing challenges. In recent years it has become clear that London's fashion businesses will need to become more innovative in order to address the effects of globalisation, diminishing workforce, and increasing sophistication of consumer demand. There is a growing call for the implementation of processes associated with lean and cellular manufacturing[1] to allow for mass customisation of high value and niche products. Subsequently, there is a need to review skills and training to adapt the current workforce to these changes.

The LDA's London Production Industries Commission strategy, plus the overarching Economic Development Strategy for London, *Sustaining Success*, sets out clearly the challenges and issues facing London's manufacturing sector. Addressing issues relating to global markets and access to markets, location, innovation, skills, e-commerce, supply chains, environmental sustainability and shifting business and service models for the manufacturer could combine to transform the existing manufacturing base in London into a dynamic, innovative and highly flexible industry, reacting to new market demands and providing new opportunities for process and products.

There is a need for dedicated and targeted support for these changes to take place, however support for London's fashion sector is fragmented. Agencies, though well networked, are not fully coordinated and this is not producing the optimal impact for the industry. More efforts will need to be channelled into addressing this and one of the aims of this FSIP is to pull together services in a more cohesive, comprehensive way.

2.3 City Fringe Background and Context:

2.3.1 Significance to the City Fringe Economy

A creative sector audit commissioned by City Fringe Partnership in 2005 has identified at least 880 fashion businesses based within the City Fringe. This figure is inclusive of a number of broad sub-sectors as follows:

322 Wholesaling of Clothing & Textile Products
209 Retailing of Clothing & Textile Products and Repairs
196 Manufacture of Textiles & Textile Products
45 Manufacture of Leather Products
45 Fashion Design
63 Misc.

Desktop research suggests that the number of fashion designers in the area far exceeds that which is noted in the existing data. It is surmised that this is a consequence of the fact that most fall below the VAT registration requirements and are therefore not being captured in the Annual Business Inquiry. We would estimate that the City Fringe is base to well over 100 designers.

A report carried out by Trends Business Research in April of 2005 indicated that although employees in general fashion were less productive than counterparts London wide (likely to do with lower density of high end retail space), designer fashion was significantly more productive in the City Fringe than across London. Designer fashion GVA was £39,600 per employee compared with £21,500 city wide. This trend may be evidence of the move toward design led, high value niche markets.

Fashion plays an important socio-economic role in the City Fringe via engagement with BAME communities. Forty one percent of the City Fringe fashion businesses surveyed stated BAME status. The highest concentration of BAME status was in the manufacturing sub sector with 60% of respondents having BAME status. This provides a huge opportunity to support and offer benefits to a diverse Fashion industry

[1] Cellular manufacturing is a process which involves rearranging traditional operational-based factory layouts into process-based cells that promote a smooth production flow by cutting waste and multi-skilling workforces in order to reduce lead time, work-in-process inventory, and other profit-draining wastes

community but also allows for this programme to support the Mayors efforts around the Diversity Works campaign and we will work with the LDA in doing so.

2.3.2 City Fringe Issues and Strategy

The promotion of creative industries like fashion in the City Fringe is seen as a means of accelerating regeneration in the area, which despite proximity to the City and West End contains significant pockets of economic under-performance and deprivation.

A significant concentration of creative industries has grown up within the City Fringe in recent years in areas such as Hoxton, Shoreditch and Clerkenwell. For fashion and clothing sector in particular, the extent of specialist support available in the City Fringe is unmatched by other areas in London. The clustering of both fashion business, and support agencies creates a major opportunity for the growth and development of the fashion industry within the City Fringe.

The LDA's *Creative London Vision and Plan* states that:

> *"the dynamic nature of the creative industries means that they are not responsive to top down planning and intervention. Rather, effective support depends on creating the right conditions and allowing them to flourish – enabling communities of practice to nurture the energy that they themselves generate, and access support as it is required."*

Throughout the development of this sector investment plan, businesses within the City Fringe have had direct input regarding exactly what conditions would allow them to flourish. Detailed later in this document, the businesses have identified the areas which represent potential for growth as well as those that require intervention.

2.4 Skills Development and Support

Skillfast-UK, the sector skills council for apparel, footwear, textiles and related businesses, updated their Sector Skills Agreements in June 2005. Skills Needs Assessments undertaken for fashion design and apparel manufacture noted the following observations:

- skills gaps relating to technical and practical skills have high incidence;
- employers were most likely to identify sewing machinists, designers, garment technologists, clothing cutters and tailors as having skills gaps;
- almost half of the establishments with sewing machinists skill gaps indicated that there is a need for multi-skilling and increased flexibility;
- designers need support in CAD CAM technology;
- designers need to improve skills in effective sourcing;
- all sub sectors show a need for improved general IT skills;
- gaps exist in the business functions of management, sales and marketing

A requirement for formal qualifications is mainly limited to design staff, where a degree is typical. In other occupations evidence of experience and practical ability tend to be favoured. In some cases, NVQs are seen as valuable in supporting the development of operative staff (sewing machinists and cutters).

Lack of time was cited as the main factor limiting further training and development activity. Releasing staff for training is seen by many to have too great an impact on production activities, making training a costly venture. In addition, around one in three design businesses cite a lack of relevant courses as a barrier, particularly in technical areas. Some employers believe that available courses are too basic for their needs, and note an absence of short intensive courses.

In 2005 the CFP commissioned a mapping exercise to gain a more informed understanding of the spectrum of support available through the existing schemes which service the City Fringe area. This exercise indicated that there are at least a few dozen support schemes servicing fashion businesses in the City Fringe, the majority offering support in the areas of marketing, networking and business skills. Some agencies provide support in the promotion of innovative design and production techniques, ICT and e-commerce, technical skills development, and access to finance. In the overall landscape of support, services are often duplicated with agencies providing similar services resulting in gaps in more specialised areas. A number of the support agencies interviewed for the supply side mapping stated a need for more coordination amongst delivery agents to ensure a more comprehensive offer to the sector. (*see appendix 1*)

3. CITY FRINGE SUB-SECTORAL ANALYSIS

3.1 Development of the Evidence Base

To inform this sector investment plan, seventy City Fringe fashion businesses were surveyed encompassing the sub sectors of design, manufacture, wholesale and retail. These businesses responded to a wide range of topics including support utilised, skills & training, industry challenges, business development, opportunities for growth, and impact of location in the City Fringe. In addition to this survey, a focus group was brought together to provide more informal, anecdotal feedback. This work has been invaluable in identifying areas which the industry deems as highest importance for survival, and future growth. *(see Appendices 1 and 2)*

The opportunities and issues facing these businesses vary across the sub-sectors. For this reason, the issues are identified and described below under each of the following sub-sectors headings:

Manufacturers (including CMT)	Wholesalers
Designers	Retailers

3.2 Manufacturers

As a result of feedback received in the business survey and focus group session, fashion manufacturers have identified the following as their key challenges, key factors for success, and opportunities for growth:

3.2.1 Key Challenges

- Competition with low wage paying overseas producers (two thirds of manufacturers interviewed in a recent City Fringe business survey stated this as their primary challenge);

- Cost and availability of premises;

- Cost and availability of staffing- need for promotion of new recruits into the industry as the current workforce nears retirement age;

- Closures - many manufacturers have all but shut down their British operations or are running their businesses down because they can't see a way to survive;

- Access to capital for investment in new technologies - manufacturing is seen by financiers as too risky, even where there is a relatively secure customer base;

- Poor understanding and communication between Manufacturers and Designers;

- Lack of diversification strategies - less than half of respondents have diversification strategies in place and need to begin exploring new business models, new markets, new product lines;

- Defeatism- many manufacturers stated that they feel external factors are to blame for their business' decline and feel further decline is largely beyond their control.

3.2.2 Key Factors for Success

- Diversification of their businesses, expanding their customer base beyond their traditional markets;
- Some manufacturers have found success with overseas contracts;
- Investment in product development;
- Customer Service improvements;
- Quality assurance and improvements in efficiency;
- Working more closely with designers;
- Publicity and marketing

3.2.3 Opportunities for Stimulating Business Growth

- Develop new business plans in acceptance of industry changes – manufacturing is no longer about mass production runs;
- Concentration on high value and niche markets;
- Working directly with designers – although concern was expressed regarding the adequacy of designers' knowledge of the production process;
- Improvement to productivity, including implementation of lean and/or cellular manufacturing techniques;
- Marketing and public relations;
- Development of in house labels;
- Access to capital for investment in new technologies and equipment

3.3 Fashion Designers

As a result of feedback received in the business survey and focus group session, fashion designers have identified the following as their key challenges, key factors for success, and opportunities for growth:

3.3.1 Key Challenges

- Steep learning curve with regard to business start up and operations;
- Existing support schemes often seen as theoretical, not specific enough to the specialist needs of the industry;
- Specialist mentors are the preferred means of support but those that are available are so sought after, they are spread too thinly;
- Identification of new markets, expansion of consumer base;
- Lack of funding available to assist start of e-commerce initiatives;
- Inadequate skill regarding pattern and sample making, quality assurance;

- Cash flow management;
- Production costs and access to manufacturers are both key issues;
- Inadequate skills with regard to production specification, planning and negotiation.

3.3.2 Key Factors for Success

- Two thirds of local designers believe that marketing, PR, shows and exhibitions have the greatest effect on their businesses;
- A business plan and strategy which is realistic, well structured, and multi-faceted is particularly important for managing growth;
- Cost effective development of good products;
- Affordable sample making / acquisition of sample making skills;
- Effective distribution and supply networks are also of fundamental importance;
- Access to finance is a key determinant for growth;
- As a designer fashion business develops, there is a need to adapt strategy and processes to transform into a team operation;
- More practical one-to-one help from specialist mentors is seen to be more valuable than structured programmes of support;
- Better awareness of available assistance, and ability to access it in a non-time consuming way

3.3.3 Opportunities for Stimulating Business Growth

- Basic business training;
- On-going, practical business advice delivered by industry specialists;
- A properly funded, resourced and managed facility for low cost development of samples;
- Access to technical expertise;
- Sourcing manufacturers for affordable production;
- Tuition regarding the manufacturing process, making for more efficient communication and negotiations with manufacturers;
- Assistance in accessing new markets;
- Financial advice, particularly in procuring funding;
- Opportunities for networking and pooling knowledge

3.4 Wholesalers

As a result of feedback received in the business survey and focus group session, fashion wholesalers have identified the following as their key challenges, key factors for success, and opportunities for growth:

3.4.1 Key Challenges

Nationally, wholesale has performed fairly well in recent years with 9% increase in GVA between the years 1998-2003 with 8% increase in employment during that same period. In the City Fringe however, surveyed businesses indicated otherwise and felt their sector is in decline and facing many challenges.

Many of the market traders and small lower end outlets which traditionally purchase stock through wholesalers are in decline due to competition with large discount retailers, thereby reducing wholesalers' customer base. These large discount retailers are importing directly, cutting out the wholesaler, and selling products at prices which are often less than wholesalers' cost price.

3.4.2 Key Factors for Success

- Good marketing and PR;
- Improved efficiency and the implementation of defensive commercial strategies;
- Importing directly from overseas;
- Focus on quality;
- Improved customer service

3.4.3 Opportunities for Stimulating Business Growth

- Diversification of products lines;
- Identification of new consumer bases;
- Access to industry specific expert advice;
- Some wholesalers stated merit in working with designers and would value incentives to give designers work experience;
- Networking with, and educating, investors about the industry

3.5 Retailers

As a result of feedback received in the business survey and focus group session, fashion retailers have identified the following as their key challenges, key factors for success, and opportunities for growth:

3.5.1 Key Challenges

- Retail has benefited from a recent boom, and as a consequence many retailers see expansion as a major challenge;
- Cost of property in the City Fringe; high footfall areas are prohibitively expensive;

- Issues with staff recruitment;
- Individual & small chain retailers face increasing competition with large high street chains

3.5.2 Key Factors for Success

- Good understanding of the customer, particularly for niche markets;
- Increased efficiency;
- Desirable products;
- Effective marketing and PR

3.5.3 Opportunities for Stimulating Business Growth

- Addition of new retail outlets in the area;
- Promotion of more affordable areas as ‘designer shopping hotspots’;
- Concentration in niche markets together with effective marketing and branding;
- Development of e-commerce to expand consumer base;
- Incentives for retailers to help young designers show their work;
- Schemes to improve access to available support, and information sharing between retailers

The results of the 2006 City Fringe Business Survey did not provide adequate enough feedback from the wholesale and retail sub sectors to ensure that future interventions would sufficiently meet the needs of these businesses. Similarly, these groups were under represented in the focus group despite persistent efforts to outreach. To ensure full private sector engagement, CFIT will explore the possibility of resuming further research into these sub sectors.

4. RATIONALE FOR INTERVENTION

	existing workforce skills which will likely mark a need for upskilling and training operatives across functions. A survey of designers revealed a need for training in the non-design aspects of running a fashion business including basic business skills as well as industry specific skills for interfacing successfully with manufacturers, retailers and wholesalers. There is a large pool of skilled BAME operative workers whose productivity, employment and earnings prospects could be significantly enhanced with suitable skills development.	Increased ability to compete in the changing market through adoption of cellular techniques for small and customisable production runs. Fewer failed design start ups, and increased productivity and profitability of designers. Support for some of the most disadvantaged members of the community through work specific training.
Networking	Most fashion businesses are small enterprises and work in relative isolation. Therefore networking opportunities are essential in order to keep up with industry trends.	Networking within a sub sector could lead to collaborative projects and joint bidding for production runs, resulting in increased profitability. Networking across the sub sectors could improve industry image, take up of support, act as a means of marketing & sharing of opportunities, and identification of trends.
Affordable Accommodation	The cost of premises is cited as one of the greatest barriers to the success of new fashion businesses within the City Fringe.	Affordable units for 75 start up and/or expansion businesses, contributing to further clustering of fashion design in the City Fringe.

5. FASHION SECTOR INVESTMENT PLAN

5.1 Aim and Objectives

The mission of this City Fringe Fashion Sector Investment Plan (FSIP) is to provide the opportunity and means for the industry to actively assess their needs, identify and prioritise issues facing the sector, and specify exactly what types of support and intervention would have most impact to them.

5.2 Strategic Fit

5.2.1 London Development Agency

The FSIP contributes directly to the objectives of the main economic development strategies of the London region. The work of the London Development Agency is focussed around four themes as follows:

- Regenerating London;
- Supporting People;
- Encouraging Business;
- Marketing and Promoting London.

The FSIP will address the four key aims of the LDA economic strategy in a number of ways.

- *Investment in places and infrastructure;* The FSIP will provide investment into the City Fringe infrastructure through the creation of affordable work space and a showcasing centre within close proximity to public transportation, as well as supporting existing businesses to enable them to remain situated in the City Fringe.

- *Investment in people;* The FSIP will support local people, by prioritising them in workforce training and up-skilling which will enable them to take up good quality jobs within the sector. Local BAME communities will be well served by the implementation of the FSIP particularly through the funding of programmes geared toward the training and workforce development of the sizeable population of Bangladeshi skilled operatives in the area.

- *Investment in enterprise;* Businesses will be supported through proactive engagement and intensive advice, support and mentoring. Interventions will serve to slow or overturn the decline in some parts of the sector, boost the growth and development of a number of businesses, and reduce the barriers to start up and growth of young businesses. This in turn will strengthen clustering activity in a sector which embraces two of the LDA's priority sectors – the creative industries and manufacturing.

- *Investment in marketing and promotion;* It will also strengthen London's reputation as a leading fashion capital. In so doing, it is anticipated that more such businesses will seek to move into the area, enhancing levels of investment for the City Fringe and London more widely. This FSIP includes an extensive programme of public relations for the sharing of best practise and improvement of industry image, in addition there are programmes offered directly to businesses to help them assess their marketing programmes.

5.2.2 Creative London

The aims of Creative London will be supported by the FSIP by strengthening and unifying the sub sectors of the Fashion sector, one of the London's most high profile creative industries. This will be accomplished through networking, cross-sectoral collaboration, infusion of design into manufacturing, and better utilisation of HE and FE institutions as a resource to the industry. The Creative London programme has informed the development of this SIP and will continue to provide strategic advice and direction on the development of it.

5.2.3 Production Industries in London

The FSIP will support the finding of the Production Industries in London Strategy & Action Plan by strengthening the relatively weak productivity of the clothing manufacturing sector through the promotion of lean manufacturing and cellular manufacturing, business improvement assessments and development of new business plans, promotion of a focus on high value and niche products, infusion of design into the manufacturing process, assistance in identifying new markets, uptake of new technologies and operative multi-skilling.

5.2.4 City Growth

City Growth is a process of encouraging distressed areas to place enterprise and business at the heart of regeneration. Its approach is to focus on the competitive economic advantages of an area rather than the social disadvantages.

The FSIP has been developed with City Growth at its very core by engaging businesses not only to identify their needs and challenges, but also to unearth their keys to success so that best practise can be shared to support the industry. These are the building blocks upon which this investment programme is built.

The development of the FSIP has also focused on the advantages of the City Fringe as a location by tapping into the extensive network of supportive services and higher and further education institutions based in the area to make best use of the resources they have to share with the sector.

5.3 Investment Plan Themes

Based on the research undertaken and engagement with businesses intervention has been deemed appropriate in the following themes to position the City Fringe Fashion sector on a sustainable footing:

- Business improvement for manufacturers
- Lean manufacturing
- Mentoring; business support
- Designer - Manufacture linkages
- Marketing and showcasing
- Skills development
- Networking
- Affordable accommodation
- Sector initiatives coordination

Key elements of the Sector Investment Plan are set out below.

FSIP Strategic Objective 1
Manufacturing Productivity

Project 1.1 Business Improvement Assessments	**Outputs:**	**Timescale:**
Up to 3 days of consultancy to a select group of forward thinking SME clothing manufacturers/CMTs to assess their current business processes, develop business improvement strategies, and recommend diversification/growth strategies.	businesses supported.	years 1,2,3

Project 1.2 Lean Manufacturing Assessments	**Outputs:**	**Timescale:**
Up to 3 days of consultancy to a select group of forward thinking SME clothing manufacturers/CMTs to assess their current operational systems, work with manufacturers to assess issues of quality assurance and waste reduction, and develop lean manufacturing improvement plans to support new business models.	outputs <u>will not</u> be claimed by the FSIP / MSSSP. *(Outcome: businesses supported.)*	years 1,2,3

Project 1.3 Cellular Manufacturing Workshops	**Outputs:**	**Timescale:**
One day workshops in the London Apparel Resource Centre’s cellular manufacturing unit. Presentation will be given of cellular manufacturing in action; resources and guidance will be given for implementing cellular processes in their factories.	businesses supported.	years 1,2,3

Project 1.4 Cellular Manufacturing Centre- feasibility study	**Outputs:**	**Timescale:**
Completion of a feasibility study to test anecdotal feedback from the industry of the need for a second cellular manufacturing resource and training cell modelled after the London Apparel Resource Centre (LARC). The study will validate/invalidate the case for a second centre, assess potential take up by the industry, suggested methods of implementation, cost and potential funding partners.	1 feasibility study report.	year 1

Project 1.5 Creative Thinking for Business	**Outputs:**	**Timescale:**
3 Annual 2-day workshops to teach businesses how to infuse creative thinking across all business processes, problem solving, and planning.	skills- other	years 1,2,3

Project 1.6 Sharing Successes	**Outputs:**	**Timescale:**
Increase manufacturer interest in new business models, via use of cellular manufacturing, partnerships with designers and higher education, international linkages. This will be accomplished by developing case studies and promoting successes in the trade and general media, focusing particularly on the successful outcomes of the Business Improvement and Lean Manufacturing Assessment Programmes.	businesses supported (case studies) 3 events ongoing press coverage	years 1,2,3

FSIP Strategic Objective 4
Marketing & Showcasing

Project 4.1 New Market Opportunities	**Outputs:**	**Timescale:**
Annual exporting workshops assisting businesses in making productive contacts in under tapped international markets. Annual designer-manufacture trade shows.	businesses supported	years 1,2,3

Project 4.2 Designer Showroom & Retail unit- *feasibility study*	**Outputs:**	**Timescale:**
Feasibility study to identify potential locations and costings for a managed fashion retailing and showroom centre in the City Fringe.	1 feasibility study	year 1

Project 4.3 Access to Buyers	**Outputs:**	**Timescale:**
One-to-one mentoring in dealing direct with retailers; providing guidance on sales and presentation skills and networking advice.	businesses supported	years 1,2,3

Project 4.4 Computer Technology	**Outputs:**	**Timescale:**
Workshops providing tuition on the set up and operation of e-commerce websites as a tool for sales and promotion. Training workshops introduction to computer aided technology (CAD/CAM) to the traditional skills of pattern cutting, grading, lay planning and fashion design.	businesses supported skills-other	years 1,2,3

Project 4.5 Developing Export Markets	**Outputs:**	**Timescale:**
Brokerage of advice on exporting and international trade through referral to UKTI Development of promotional linkages to establish a foothold for London fashion design with the emerging international consumer bases.	businesses supported Increase London fashion's profile in emerging economies.	years 1,2,3

Project 4.6 Exhibitioning	**Outputs:**	**Timescale:**
Support given to fashion shows which promote local talent to retail buyers and consumers. Assistance for designers/manufacturers to exhibit at trade shows.	businesses supported	years 1,2,3

FSIP Strategic Objective 5
Skills & Talent Development

Project 5.1 Manufacturing Skills Assessment & Referral	**Outputs:**	**Timescale:**
Skills Assessment & Training recommendation plans completed for manufacturers which have taken part in FSIP projects 1.1 and 1.2 to identify upskilling and re-training needs required as a result of the businesses' new processes and strategies. Assessments will include recommendation for establishment or improvement of in house training as well as referral to external providers.	outputs will not be claimed by the FSIP/MSSSP (*outcome: businesses receive business support*)	years 1,2,3

Project 5.2 Operative Skills Training & Job Brokerage	**Outputs:**	**Timescale:**
Multi-skilling vocational course to increase the technical skills of existing garment production operatives to provide skills for employment in cellular manufacturing cells. Courses to train skilled operatives to become sample making consultants. These courses will reach out to under served BAME communities. Job brokerage services offered upon completion of the skills courses.	skills other employment assistance	years 1,2,3

Project 5.3 Youth Enterprise	**Outputs:**	**Timescale:**
Support of internship programmes to encourage entry into the production side of the industry to offset workforce attrition. Support of initiative encouraging entrepreneurship.	skills other	years 1,2,3

FSIP Strategic Objective 6
Networking

Project 6.1 Sector Forum Events	**Outputs:**	**Timescale:**
Networking events hosted with partner bodies to provide opportunity for businesses to network, share best practice, and learn from guest speakers which will focus on topics of importance to the sector.	businesses supported	years 1,2,3

FSIP Strategic Objective 7
Programme Management and Coordination

Project 7.1 Sector Development Manager / Programme mgt.	**Outputs:**	**Timescale:**
Appointed Sector Development Manager to coordinate the funding and delivery of the FSIP projects. The SIM will be aided by additional administrative and programme evaluation support. CFIT staff support Steering group PR/Marketing/Press BAME sector outreach/research programme evaluation	1.5 jobs created	years 1,2,3

FSIP Strategic Objective 8
Capital Projects

Project 8.1 Cellular Manufacturing Resource Centre	**Outputs:**	**Timescale:**
A demonstration training cell for use in teaching cellular manufacturing processes.	1 training centre	TBD

Project 8.2 Designer Showcase/Retail Unit	**Outputs:**	**Timescale:**
Affordable space for designers to both retail to the public and showcase their products to potential buyers.	1 showcase/retail unit	TBD

Project 8.3 Affordable Workspace	**Outputs:**	**Timescale:**
75 affordable workspace units averaging 200 sq ft for start up and step up businesses.	75 workspace units (approx. 17,250 sq ft)	TBD

6. PROGRAMME DELIVERABLES

Funding will be sought to support the FSIP programme for a period of three years.

6.1 Beneficiaries

The beneficiaries of the Programme are the businesses assisted and the individuals who undertake training and development activities.

6.2 Outputs

These outputs are based on the programmes detailed in the Investment Plan; it does not include the wider outcomes that will occur throughout the industry as the impact of the plan takes effect.

6.3 Economic Impact

Successful funding of the FSIP will result in significant gains to the economic health of the City Fringe in many ways, including:

- protection of existing jobs through workforce upskilling, and promotion of new business models;
- creation of jobs by encouraging the infusion of design into manufacturing;
- counteract the effects of the currently diminishing workforce through the promotion of the sectors by publicising successful case studies;
- decreased burden on public funders by pulling together existing support schemes to provide comprehensive support which offers better value for money;
- sustainability for businesses through a holistic approach to support which will help businesses reposition and take advantage of new business models instead of just patching problems in a indiscriminate way;

marketing to the BAME communities, and by tendering with delivery partners who offer training geared toward skills provision to BAME workers. In particular we aim to engage with the significant presence of Bangladeshi skilled operatives in the area to provide them with up-skilling and multi-skilling so that they can take best advantage of any opportunities which will arise from extended changes to the industry.

6.5 Environmental Impact

The project is intended as a catalyst for business creation and expansion. By targeting City Fringe beneficiaries for training and employment to meet this expansion, inbound commuting traffic will be not increase. In terms of the potential capital projects (e.g. cellular manufacturing resource centre, affordable work units) emphasis will be placed on short listing sites closely accessible to public transport.

As part of the manufacturing assessment programmes, businesses will be prompted to assess their procedures for environmental compliance to ensure minimisation of impact.

7. IMPLEMENTATION

7.1 Delivery Management

It is anticipated that upon securing funding for the FSIP programme, a Sector Development Manager (SDM) will be appointed to coordinate its implementation. This individual would play a key role in engaging with beneficiary businesses, support delivery partners, and the industry at large.

The SDM will, therefore, need to be a high calibre individual with proven business skills and strong working links across all sub-sectors of the industry. The SDM will assist the industry by:

- coordinating networking events;
- inform the industry through use of a CFP web page;
- preparation of briefs for commissioning of project delivery.
- tendering of delivery contracts;
- commissioning of Feasibility studies (cellular manufacturing resource centre, managed fashion showcasing and retail centre, affordable workspace);
- if feasibility studies warrant, develop programmes and source funding for the resource and support centre, showcasing and retail centre; and affordable workspace;
- reporting on progress to the FSIP steering group; CFP, and funders;
- programme evaluation

7.2 Industry Involvement

This Sector Investment Plan was developed as a result of consultation with businesses representing all of the sub sectors, and the support and training providers which service the fashion industry in the City Fringe. An interim cluster action steering group has been brought together to inform and comment on the FSIP to ensure that industry feedback has been represented accurately and effectively.

Further industry commitment to this FSIP will be crucial to the success of its implementation. For this reason, a formalised cluster action group (CAG) is planned to oversee the delivery of the FSIP in partnership with the SDM. The CAG will be made up primarily of business representatives along with representation from support agencies and City Fringe borough partners.

7.3 Commissioning

The FSIP programme will be commissioned by inviting tenders from interested parties against a specification and in line with relevant financial standing orders. The specification will identify the objective criteria for assessing the tender submissions.

The tender specification should encourage a consortium approach to submission in order to achieve more effective delivery by agencies working in partnership and to further encourage cross sector collaboration.

7.4 Communications

The delivery of the plan will be supported by a comprehensive communications programme incorporating online and off line activity including use of a web page, bucket email drops, press releases, and networking sessions

To ensure that communication is not only outgoing but also receptive, a Cluster Action Group will be put in place consisting of representation from all delivery partners to share best practice and act as a think tank to address any issues in a holistic approach. The Sector Development Manager will work closely with the Steering Group to inform the group of any feedback from beneficiaries or industry at large.

7.5 Monitoring

Before entering into contract with the project delivery partners, the City Fringe Implementation Team will undertake a detailed appraisal of the activities to be carried out by partners and the quality of the management systems in place. The findings of this appraisal will be submitted to the Partnership's Officer Group or Board for assessment and our members, who are experienced in project appraisal, will make recommendations for any relevant conditions of funding.

The City Fringe Partnership's proven monitoring procedures will ensure that outputs and expenditure are appropriately verified and that the right beneficiary information is collected to allow for a meaningful evaluation of the project. Monitoring visits will ensure that partners' management and quality arrangements shown to be in place in the appraisal stage are maintained throughout the project lifetime. The monitoring system will ensure that any difficulties in delivery are identified and addressed early.

7.6 Evaluation and Forward Strategy

Evaluation exercises will be undertaken after the first, third and final years of the Programme in order to assess the performance and impacts of the initiatives, assess their contribution to the aims of the LDA Economic Development Strategy, City Growth Programme, Creative London and Production Industries Commission, and other key strategies. Through these evaluation exercises good practice will be identified and shared and programmes will be altered as necessary to ensure optimum achievement of outputs and overall impact of the programme.

The City Fringe Partnership has commissioned the Cities Institute to carry out a detailed 2 year evaluation of the implementation of the CFP's City Growth programmes. The FSIP will be included in this evaluation, for assessment of its success in meeting the objectives outlined in this plan, as well as success in delivering against the LDA's and the CFP's objectives in order to ensure a sustainable forward strategy.

The CFP will make every attempt to establish productive relationships with the livery companies, market leaders and industry champions to promote further investment into the sector.

8. RISK ANALYSIS

Risk	Impact	Likelihood	Management
Failure to recruit manufacturers into productivity improvement initiatives	**High** Productivity improvements and business growth objectives will not be realised causing further decline in the manufacturing sector.	**Medium**	Extensive networking programme to ensure engagement. Growth ready manufacturers will be targeted in the first instance. Case studies will be developed to promote successes of those in the programme to encourage further interest. Benefits of engagement will be promoted through the "Sharing Success" programme
Inability to recruit a Sector Initiatives Director of suitable calibre	**High** Without a Sector Initiatives Director, the FSIP programme would suffer from poorly coordinated projects resulting in a diffuse offer of support minimising the overall impact.	**Low**	If there are recruitment difficulties, a short term specialist consult will be used while marketing the post using trade publications and word of mouth referrals.
Insufficient private sector funding of skills development projects.	**Medium** There would be gaps in key areas of training provision and business support where private sector contributions are deficient.	**Medium**	Manufacturing productivity assessments will show the financial and production value of providing training to the workforce. Maximise use of *Train to Gain* programmes to secure employer engagement. Promote 'train the trainer' programmes which could reduce costs to employers by establishing in house training based on knowledge share. Promote successes of the projects to establish the cost benefit of taking part.
Failure to secure a suitable building for workspace provision	**High** Fewer new business start ups due to premises cost, resulting in impediment to clustering.	**High**	Phase in the workspace initiative through a tiered multi-site strategy based on small groupings of units in different buildings in selected City Fringe areas. Maximise scope for inclusion on mixed use development schemes involving provision of BI space required under section 106 agreements

APPENDICES

1) Supply Side Survey Participants
2) Business Survey Participants
3) Focus Group Participants

Supply Side Survey Participants:

Alternative Arts

Central Saint Martin's College

Centre for Fashion Enterprise

Clerkenwell Green Association

Cockpit Arts

Cutting Edge / Made in London

Fashionworks

Fonthill Road Traders Association/ London Fashion Centre

Hidden Art

London Apparel Resource Centre/Florentia Clothing Village

London College of Fashion

London Development Agency

London Fashion Forum

Portabello Business Centre

Sew-East/EMEP

Skillfast-UK

Appendix 2

Business Survey Participants:

A Butcher	Linda Fauran Vintage
A&V Clothing	Linea Trading
Alex Gane Brown	MA Garments Ltd (1 of Group)
Ali Weatherwent	Madeline Hamilton
Ally Capellino	Maharishi Hardy Bletchman Ltd
Ambidex	Manroe Jewellery
Amethyst Fashions	Morem Saree Centre
Ann Louise Roswald Ltd	Mosaic Group (Oasis)
Artelworld Ltd	New Planet Fashions
Aytans Manufacturing Co	New Road Fashions
Badyamr	Pink Soda
Barley Tomlin	Pronuptia
Bashir and Sons	Rebel Dog
Battleprime Ltd or Lesley George	Renato Termanini
Beyond Retro	Rodericer Charles
Black Truffle	Rokit Ltd
Boldgreen	Ruby Handbags
Bowenside Ltd	Sarpal & Co
Bread n Honey	Silverts Ltd
Broacha Samy	Sims & MacDonalds Ltd
Burlington Uniforms Ltd	Slas and Maria
Central Avenue	Strikeforce
Charlotte Vasberg	Tatty Devine
Chey International	Teresa Letchford
City Sheepskins	The Laden Showroom
CJ Poupazis	TSK Manufacture
Classic Cuts	William Gee
Craven Gene	
Crossbow Fashions	
Customer Own Property	
Dan Hayes Ltd	
E Sinn Soong	
East Central Studios Ltd	
Ede and Ravenhurst	
EMA textiles	
Forma Leather	
Gale Furs Ltd	
GR Shaw	
Haxfield Ltd	
Hunters & Gatherers	
Kate Goldsworthy	
Kate Read	
Kay Textiles	
Kiddies Planet	
Kiosk	
Kirt Holmes	
Lancey's Footwear	
Lillyputs	

Appendix 3

Focus Group Participants:

Sally Bakale
Designer & Retailer

Betty Ching
Designer

Francesca Colomb
Designer

Oguz Osman
Former manufacturer; Dolly Dressers
& Industry Mentor

Steven Scott
Designer

Chamak Ali
Manufacturer; New Planet Fashions

Allan Scott
Manufacturer; New Planet Fashions

Despite robust efforts to recruit wholesalers for inclusion in the focus group, we were unsuccessful in securing interested parties.