

Report for: Leader's Decision
15 March 2018

Title: Tailoring Academy/Fashion Enter Good Growth Funding

Report Authorised by: Helen Fisher, Interim Strategic Director of Regeneration,
Planning & Development

Lead Officers: Steve Carr, Interim Assistant Director of Economic
Development and Growth

Ward(s) affected All **Report for Key/
Non Key Decision:** Key

1. The Issue Under Consideration

- 1.1 Haringey Council (LBH) has submitted a bid for £430,000 of funding from the Greater London Authority (GLA) Good Growth Fund (GGF) in order support the capital costs of the proposed Tailoring Academy for London which is to be located in the borough. A funding decision from the GLA is in early March and the GLA requires the Council to enter into a funding agreement with it before the end of March. Should the Council be successful, the Council will match the GLA GGF with the Council's own New Homes Bonus funding of £225,000, which is already held by the Council. The total funding available for the Council to invest in the capital cost of the Tailoring Academy would therefore allocate to the Tailoring Academy would be £655,000.
- 1.2 This paper seeks authority to conclude the funding arrangements with the GLA, sets out the justifications for the investment in the borough's clothing industry and seeks a delegation to officers to finalise the terms of the agreement with the GLA and Fashion Enter Limited (Fashion Enter), the Council's preferred partner body for clothing training in the borough, subject to confirmation of terms and compliance with European state aid requirements.
- 1.2 The Tailoring Academy project will involve the refurbishment by Fashion Enter and its contractors of a 1,050 square metre industrial unit at Crusader Estate, Hermitage Road, Seven Sisters, Haringey, into an advanced clothing manufacturing and training facility. This will provide specialist skills and job training in the clothing manufacturing and fashion sector to meet industry demand. As part of this training environment, the Tailoring Academy will support the manufacture of mid-end and high-end tailored clothing for major retailers and fashion brands. The project will result in the training of over 2,000 people, 100 higher level apprenticeships with Savile Row Tailors and 50 direct new jobs, as well as encourage further job creation and retention in the clothing sector in North London.

- 1.4 A number of leading national and international clothing retailers and fashion brands, as well as industry bodies, are partners in the Tailoring Academy project, and between them they have pledged £550,000 to meet the required revenue funding of the project, as well as placing individual training contracts. This revenue support will complement the Council’s capital funding. Key private sector partners include Marks & Spencer, ASOS, Jaeger, Telestia and a number of iconic Savile Row Tailors, including Gieves & Hawkes of No1 Savile Row. A number of clothing and fashion industry bodies including UK Fashion & Textiles, London College of Fashion and London Fashion Council are supporting the project.
- 1.5 The estimated capital cost of the Tailoring Academy premises refurbishment and equipment installation at Crusader Industrial Estate on Hermitage Road is £655,000. This will be met in full by the Council using external funding sources achieved through bidding to the GLA and DCLG. The capital cost is to be financed by £430,000 from the GLA’s Good Growth Fund if successful and £225,000 LB Haringey’s New Home Bonus (economic development top-slice funding) entitlement from the Department for Communities & Local Government (DCLG) and has already been approved for this use by the GLA, which oversees the government’s NHB deployment by London boroughs.

2. Cabinet Member Introduction

N/A

3. Recommendations

It is recommended that the Leader:

- 3.1 Give delegated authority to the interim Strategic Director for Regeneration, Planning and Development, after consultation with the Cabinet Member for Economic Development, Social Inclusion and Sustainability and the Council’s s151 Officer in order to:
- (i) enter into a Good Growth Fund grant agreement with the GLA upon terms as may be set out in the GLA grant Agreement; and
 - (ii) enter into a grant agreement with Fashion Enter in respect of total capital funding of £655,000, using £430,000 of Good Growth Fund monies received from the GLA and £225,000 of the Council’s New Homes Bonus funds in order create the Tailoring Academy in Haringey and to deliver jobs, training and apprenticeships for residents of the borough and more widely across London. This is on condition that any agreement with Fashion Enter will be subject to compliance with state aid requirements as well as all GLA funding conditions.

4. Reasons for Decision

- 4.1 The primary reason for the decision is to help realise the Council's objective of creating jobs and skills in the local and London clothing sector, this being a priority sector of the local economy identified in the Council's Corporate Plan and economic development strategy. The project will realise opportunities for Haringey residents to enter into formal training and progress into employment in the industry, the project being supported by major employers in the clothing sector including Savile Row tailors and major high street fashion companies. The high quality of the employment will help improve wage and career progression in what has traditionally been a low paying and low skilled industry. The project will set a benchmark for other training initiatives in the sector and help improve its image and retention of staff. There is also an expectation that the project will attract further investment from clothing firms in Haringey and in London as a whole, creating a cluster of firms and improving investment in technology.
- 4.2 The decision is needed now, rather than later, because in approving its funding the GLA requires agreement with the Council on its use by the end of March 2018. In addition, the decision is required in order for the capital works component of the Tailoring Academy project to be started in April 2018. This is so that the delivery partner, Fashion Enter, can begin delivering its jobs, apprentices and job training outputs from the scheduled date of November 2018 which it has agreed with the revenue funding partners and training organisations. The 100 apprenticeships to be delivered by the Tailoring Academy are already lined up with the employers and require the apprentices to be ready for placement from November 2018.

5. Alternative Options Considered

- 5.1 The Council could have chosen not to bid for the GLA funding to help establish the Tailoring Academy with Fashion Enter. However, this was discounted for a number of reasons:
- (i) The Council would have forfeited the chance for significant external funding to deliver a project which would provide jobs and specialist and in-demand job skills for the borough's economy and Clothing & Fashion sector
 - (ii) The Council would not have capitalised on a major private sector funding opportunity which would help deliver a key component of the Haringey Economic Development & Growth Strategy and Corporate Plan.

6. Background Information

6.1 Haringey Clothing and Fashion sector

- 6.1.1 Clothing and Fashion (C&F) is an important sector in Haringey employing over 3,000 people, mainly in the East of the borough. Haringey has a long history of clothing manufacturing, particularly in Tottenham and Wood Green. Despite the decline in the UK clothing manufacturing sector and out-sourcing of production to low cost countries, Haringey retains a sizable clothing sector.

- 6.1.2 Within North and East London's fashion industry, Haringey has successfully re-established its distinct role as a leading borough for clothing manufacturing. A recent GLA study found that Haringey's fashion manufacturing sector outperformed all other East and North London boroughs between 2010 and 2015 by adding 1,065 jobs, a 136% increase¹.
- 6.1.3 Haringey is home to a number of innovative Clothing & Fashion (C&F) manufacturing companies that supply major national and international retailers and fashion brands. Such companies include Fashion Enter, Gina Shoes, Kashket, Albion Knitting, and Cannon Street Jersey Fabrics, among others.
- 6.1.4 As a result of this sectoral strength, the Haringey Economic Development and Growth Strategy has identified the Clothing and Fashion industry as one of the key priority sectors to support growth and job creation in the borough.
- 6.1.5 To help consolidate and support the growth of the sector, the LBH Economic Development & Growth Team has led on the work to support this local industry. This work has included working with regional partners such as the Department for International Trade to promote and secure overseas trade and contract opportunities for local C&F firms.
- 6.1.6 However, the local and regional clothing and fashion sector faces a number of well-documented barriers and challenges² which hinder this sector from growing even faster and generating more jobs into the local economy.
- 6.1.7 One of the major barriers facing Haringey and the wider London clothing & fashion sector, is the skills shortage across manufacturing roles, particularly NVQ levels 4, 5, 6 and higher level apprenticeships, as well as specialist tailoring skills.
- 6.1.8 The skills shortage is attributed to an aging workforce which is not replaced when people retire or leave and because young people are not considering clothing manufacturing as an attractive career path, due to perception of poor working conditions and pay. This skills shortage is preventing fashion manufacturers from scaling-up production, supplying new buyers, and exporting³. In addition, it is making it harder for manufacturers to recruit new skilled staff, while the small scale of most fashion manufacturers has made it unviable to upskill existing staff⁴.

The Tailoring Academy

¹ East London Fashion Cluster (2016) Scenario Planning, p.6

² GLA (2016) - East London Fashion Cluster; UK Fashion & Textile (2016) – London Manufacturing Manifesto; British Fashion Council (2016) – High End & Design Manufacturing

³ UKFT (2016) London Manufacturers Manifesto

⁴ The Alliance Project Team (2015) Repatriation of UK Textiles Manufacture: A Report for The Greater Manchester Combined Authority, p.62

6.1.10 The Tailoring Academy will involve the refurbishment of a 1,050 square metre industrial unit into an advanced clothing manufacturing and training facility at Crusader Industrial Estate, a clothing and fashion cluster in the N4 part of Haringey where Fashion Enter and a number of leading clothing companies are based.

6.1.11 The requested GLA Good Growth Funding is to help advanced machinery, equipment and training facilities for a training and clothing manufacturing facility, which will provide specialist skills and job training in the clothing manufacturing and fashion sector – as well producing mid-end and high-end tailored clothing for major retailers and fashion brands.

6.1.12 The Tailoring Academy will enable Fashion Enter to pioneer the use of mass-production methods in the manufacture of tailored goods and make it the only mass-manufacturer of tailored goods in the UK.

6.1.13 The Tailoring Academy will therefore help address the skills gaps highlighted above by:

- (i) Providing a state-of-art clothing manufacturing and training facility which will provide specialist skills and job training in the clothing manufacturing and fashion sector.
- (ii) Enabling Fashion Enter, a successful social enterprise in the local clothing manufacturing and training sector, to train young people in an industry and in a specialism that has been relint for its workforce on people from elsewhere in the EU. The Tailoring Academy will therefore increase the resilience of the local fashion-manufacturing sector during this period of Brexit uncertainty.

Forecast Outputs and Outcome for the Tailoring Academy

6.1.14 If the GLA funding bid is successful and the project is implemented, the Tailoring Academy is forecast to deliver the following outputs and outcomes:

- **552 jobs created/safeguarded** - comprising:
 - 50 new jobs created directly by Fashion Enter as a result of the setting up of the Tailoring Academy
 - 502 jobs to be created/safeguarded in Haringey by the borough's clothing related and maufacturing sector engaging in the project directly or indirectly
- **100 level 5 apprenticeships** delivered under a contract with the internationally renowned Savile Row (Tailors) Bespoke Association
- **2,090 training places offered per year** through the Tailoring Academy, consisting of:
 - 630 accredited apprenticeships, with 280 at level 1, 280 at level 2, 40 at level 3, and 30 at levels 4-6

- 545 per year achieving accredited qualifications
- 502 trainees/learners progressing to work
- Non-accredited courses for 1,300 individuals

6.2 Fashion Enter

- 6.2.1 Our partner for this project is Fashion Enter, London's leading clothing design, manufacturing and training social enterprise (a company which reinvests any profit back into its social objectives). Fashion Enter manufactures up to 10,000 garments a week and supplies to M&S, John Lewis, ASOS, and Finery among other national clients. It currently employs 107 people and provides over 1,600 training places per year. Fashion Enter also has a number of subsidiary companies including Fashion Technology Academy and Sampling Studios. It has its own brand called 'Belles of London' and works with a number of London-based designers.
- 6.2.2 Fashion Enter is the Council's long-standing strategic partner for delivering apprenticeships and job and vocational training in the clothing and fashion industry. The organisation is an integral part of the borough's job training and apprentice infrastructure. In 2014 the Council invested in and helped set up the Fashion Technology Academy, to give more than 200 people a year the opportunity to work in paid apprenticeships and gain highly sought-after professional qualifications in the fashion industry. This has been a successful project.
- 6.2.3 The proposed LB Haringey investment in the Tailoring Academy is part of the Council's on-going strategy of developing the local employment, training infrastructure and strengthening the capacity of the local strategic partner to address a major skills gap in the local clothing and fashion sector. The Tailoring Academy project was developed in partnership with Fashion Enter
- 6.2.4 Fashion Enter is led by founder and CEO Jenny Holloway. Jenny has 30 years of experience in the fashion industry as a buyer, a director, and an industry advisor to the UK government.
- 6.2.5 Fashion Enter has won a number of awards including Evening Standard SME of the Year (2017); Ernst Young award, the EEF Future Manufacturing award and 'Fashion's Finest' Special Recognition award. In addition, they were recently awarded the prestigious Savile Row training contract - training and providing highly skilled workers for the world's best tailors and iconic clothing brands.
- 6.2.6 Fashion Enter is recognised by the industry as a centre of excellence for sampling, grading, and production and for learning and development of skills within the fashion and textiles industry.

6.3 Funding

- 6.3.1 On 5 January 2018, following a successful Stage 1 application, LB Haringey submitted a Stage 2/Final bid to the GLA Good Growth Fund, to help establish a Tailoring Academy in the borough. The Good Growth Fund is the Mayor of London/GLA's new capital funding programme for projects which aims to deliver

regeneration and economic development in local areas. The GLA will be notifying successful applicants early March 2018. Before submission to the GLA, the bid was approved by the Council's P4 Strategy and Operational Boards and signed off by the Executive Director of Regeneration, Planning and Development.

7. Contribution to Strategic Outcomes

7.1 Through the jobs, skills & employment, training and sector support, which the Tailoring Academy will deliver, the project will directly contribute to delivering the LB Haringey Corporate Plan Priority 4:

- Objective 2: "Deliver growth by creating an environment that supports investment and growth in business and jobs"
- Objective 3: "Take advantage of growth, by ensuring that residents have the training, skills and support necessary to find and keep good-quality employment"

7.2 In addition, the Tailoring Academy will help deliver the Haringey Economic Development and Growth Strategy which has identified the Clothing and Fashion industry as one of the key priority sectors to support growth and job creation in the borough.

8. Statutory Officers Comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance

8.1.1 This report seeks approval to allocate £655,000 capital fund to facilitate the purchase of machinery and refurbishment works for the Tailoring Academy.

8.1.2 This is made up of £430,000 Good Growth Fund bid awaiting GLA's approval and Council's match funding of £225,000.

8.1.3 The match funding will be met from the underspend in the New Home Bonus fund; already agreed with GLA.

8.1.4 The estimated total cost of the delivering the Tailoring Academy is £1,210,000. This consists of £655,000 for capital work and £555,000 for skills, training, rents and other revenue costs. The sources of funding is as shown below:

Estimated Capital cost of the Tailoring Academy	<u>£655,000</u>
Funded by:	
LBH GLA	£430,000
LBH NHB	£225,000
Estimated Revenue cost of the Tailoring Academy	<u>£555,000</u>
Funded by:	
Private Sector Partners	£555,000

8.1.5 The cost to the Council has been included within the capital programme for 2018/19, subject to agreement by Council at its budget setting meeting.

8.2 Legal

8.2.1 The Assistant Director of Corporate Governance notes the contents of the report.

8.2.2 By virtue of the provisions of CSO 17.1, the Council may enter into a grant agreement to receive grant from an external body in accordance with the provisions of CSO 9.07. In accordance with the provisions of CSO 9.07.1(c), a Director may approve the receipt of a grant valued at less than £500,000. The Leader can therefore approve the receipt of the grant as well as approve the entering into the agreement for the receipt of the grant.

8.2.3 The recommendation in paragraph 3(1)(ii) for a grant of the sum of £655,000 to Fashion Enter by the Council may raise some state aid issue as Fashion Enter appears to be an company that is commercially active in the market and unless this grant can be classed into one of the accepted state aid exemptions, the grant may be subject to claw back in future. The approval of the grant to, and the entering into any agreement with, Fashion Enter therefore should be subject to compliance with state aid requirements as well as all GLA funding conditions.

8.2.4 In the light of paragraphs 8.2.2 and 8.2.3 above:

(i) the Assistant Director of Corporate Governance sees no legal reasons preventing the Leader from approving the recommendations in paragraph 3(1)(i) to receive the grant and to enter into a grant agreement with GLA.

(ii) the approval of the recommendation in paragraph 3(1)(ii) for the grant of the sum of ££655,000 and the entering into an agreement with Fashion Enter should be given subject to to the following condition:

(a) Compliance of the grant with state aid requirements and all GLA grant funding conditions.

8.3 Equality

8.3.1 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;

- foster good relations between people who share those characteristics and people who do not.

8.3.2 Not only will the Tailoring Academy help the Council deliver some of these duties, the Academy will also have significant impact on the job training, vocational qualification and employment prospects of the borough's disadvantaged residents – particularly under-qualified, under-skilled and unemployment BAME, Women as well as Disabled people.

8.3.3 Through a range of measures including setting of equality targets and collaboration of HEST (Haringey Employment and Skills Training), the LBH will work with Fashion Enter to ensure that the Tailoring Academy builds on the company's excellent record of employing large numbers of Women, BAME and Disabled workers:

- (i) BAME residents in Haringey are less likely than White British residents to be in employment or have NVQ+ level qualificationⁱ. At the same time, people from BAME communities are over-represented in the clothing and fashion manufacturing sector's workforce

The LBH will work with the Fashion Enter to ensure that the company continues with its proactive employment, training and recruitment policies towards the local BAME communities – to ensure that they are equipped with the high level skills and job opportunities to secure well-paid jobs in the Tailoring Academy as well as the wider London clothing and fashion sector

- (i) Women are over-represented in the clothing and fashion-manufacturing sector's workforce. However, a large proportion of the local women do not have the high level skills (particularly NVQ levels 4, 5, 6 as well as tailoring skills) – to secure well-paid jobs with the major retailers and fashion brands. The Tailoring Academy will provide them with the higher level skills and experience to secure higher paid jobs with major clothing companies
- (ii) Disabled people: Fashion Enter has a specific policy of employing disabled people and currently employs 10 former REMPLOY disabled workers. The Tailoring Academy will build on this proactive employment policy by working with local and regional organisations working with Disabled people – to recruit and train and/or employ disabled people into appropriate roles. It is estimated that at least two disabled workers will be employed in the Tailoring Academy.

9. Use of Appendices

N/A

10. Local Government (Access to Information) Act 1985

10.1 A Cabinet resolution of 15th July 2014 authorised the Director of Regeneration, Planning and Development to enter into a lease arrangement and a funding agreement totalling £539,864 with Fashion Enter in respect of a Fashion

Technology Academy at Fashion Enter's premises on Hermitage Road. Fashion Enter has satisfied the terms of that agreement and has completed that project. Minutes of this cabinet item can be found on the Council website at:

<http://www.minutes.haringey.gov.uk/mgAi.aspx?ID=38369>

ⁱ Jobs and job density (2017), London Datastore