

FASHION &

ECONOMIC

VALUE

REPORT

2024

FASHION ROUNDTABLE



Learning Your Fashion Timetables

The economic role of the fashion industry in the United Kingdom

May 2024

Introduction

This report aims to illuminate the vast contributions and future potential of the UK's fashion sector. Fashion, quite simply and indisputably, is the largest of the creative industries, generating approximately £60 billion annually—nearly half of the total economic impact from the UK's creative sector. This report explores the multifaceted aspects of the fashion industry, delving into its economic influence, regional growth, and pivotal role in sustainability and innovation.

We begin by affirming fashion's status as the UK's most economically significant creative sector, analyzing the processes and policies that have spurred its growth. From the cultivation of raw materials to the bustling retail landscape, the fashion industry's supply chain supports numerous jobs and economic activities, weaving a complex tapestry of economic output.

The report addresses pressing issues within the fashion industry, such as the urgent need for sustainable manufacturing practices, the rise of pre-loved clothing, and the challenges posed by fast fashion. Through specific case studies and data, we present both the current state and future potential of sustainable and regenerative fashion.

Furthermore, we explore the burgeoning trend of fashion startups and their economic impact, emphasizing the importance of equipping future entrepreneurs with essential skills through educational reforms. The geographical distribution of fashion businesses across the UK is also considered, highlighting how the industry bolsters regional economies and aligns with the government's levelling-up agenda.

As we journey through the intricate layers of the fashion industry, it becomes clear that this sector is not merely about creating garments but about driving substantial economic and social change. By addressing the challenges and seizing the opportunities presented in this report, the UK can harness the full potential of its fashion industry.

The report concludes with a series of targeted recommendations for the UK government. These include prioritizing domestic manufacturing, endorsing sustainable practices, imposing greater responsibilities on fast fashion companies, enhancing recycling infrastructure, and fostering the growth of fashion startups. By adopting these recommendations, the government can ensure the continued prosperity and sustainability of the UK's fashion industry.

In the end, fashion is more than just an industry—it is a powerful force shaping the economic and cultural landscape of the UK. Through strategic support and innovative policies, we can ensure that this vital sector continues to thrive, driving forward a future of sustainability, inclusivity, and economic vibrancy.

- Fashion, is quite simply and indisputably the biggest of the creative industries worth approximately **£60 billion**, nearly half of the overall £124 billion the creative industries combined bring to the UK economic
- Fashion is not only the biggest of the creative industries, it remains a growth industry with [McKinsey predicting](#) global growth of 3 to 5% in 2024 and highlighting the long standing resilience of the fashion industry
- Fashion remains one of the UK's biggest economic levellers, bring growth across the regions with Scotland seeing **2000 more fashion businesses open between 2021 and 2023**, despite Covid challenges

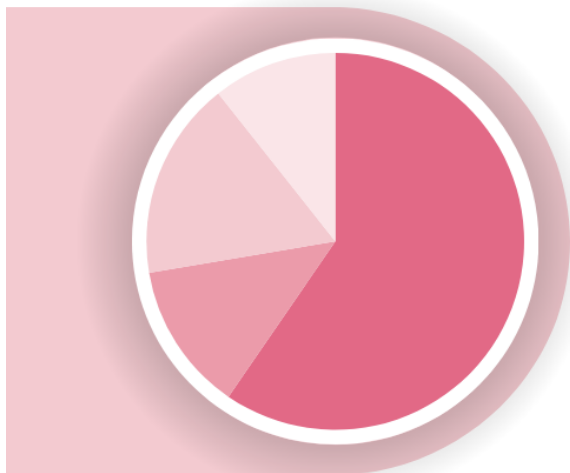
Fashion: Already the UK's biggest creative industry

It is well recognised that the United Kingdom has a world-leading creative industries sector, to the extent that both the Conservative and Labour Parties have Ministers to support and champion it.

Growing at 1 and a half times faster than the UK economy as a whole and contributing £108 billion in Gross Value Added it's no wonder it's a sector to watch. (Source: UK Government, 2023)

Yet too often, when people think about Creative Industries they think about the glamour of film and music - the Emmys, BAFTAs and Brit Awards.

THE FASHION INDUSTRY



- **Manufacturing**
The production processes involved in creating textiles and garments, including spinning, weaving, knitting, finishing, and assembling various textile products and apparel.
- **Wholesale**
The bulk trading of textiles, clothing, footwear, leather goods, and related machinery, facilitating the distribution of fashion products from manufacturers to retailers.
- **Retail**
The sale of fashion items such as clothing, footwear, textiles, and accessories directly to consumers through specialized stores, markets, and stalls.
- **Services**
Ancillary services supporting the fashion industry, including artistic creation, repair of fashion items, and cleaning of textiles and fur products.

The fashion industry encompasses the creation, distribution, retail, and supporting services of textiles, clothing, footwear, and accessories, from manufacturing to consumer purchase and maintenance.

Other than London Fashion Week we do not talk enough about the fact the economically biggest creative industry is the **fashion industry**. Contributing approximately £60 billion per year to the economy, around half of the overall contribution of the creative industries sector and employing a whopping 1.3 million people it's no surprise it takes poll position.

Fashion also covers a myriad of policy issues from better wages and protection for low paid workers in the UK, to issues in supply chains, the impact of Brexit and Covid on the market to, of course, the environmental impact.

That's why at Fashion Roundtable, the only think tank dedicated to reimagining a responsible, inclusive and sustainable fashion we want to set out the UK economic case for this industry so crucial to both the humans who work in it and the future of the planet.

The first step to understanding why the fashion industry is the biggest creative industry is to think quite simply about the process of what it's taken for an item of clothing to make it all the way to your wardrobe. Who has been involved in growing the materials, how those materials were turned into garments, how those garments made their way to the shops, the person who sold them to you. Unlike film or music, fashion is the one creative industry we simply can't opt out of. Indeed, the film and music industries themselves are reliant on stylists.

By the time you buy an item of clothing from a retail worker, whose average salary is £28,000 there will have been several other people involved, all generating different forms of economic output. Whether that's the farmer who has grown the materials, the garment worker who has stitched them together or the person who has been responsible for transporting them to the shop.

So the reason why the fashion industry is the biggest of the creative industries is pretty straightforward and easy to grasp. However, there is still more potential within the UK economy when it comes to the fashion and textile industry.

The number of people, jobs and power of the economic output of the industry are why it is vital we both keep existing textile manufacturing in the UK, and actively look to expand it. Sadly, all too often the opposite is happening with the closure of the parent company of the only cotton spinner in the UK entering administration in 2023.

Recommendation: Given the economic contribution of the fashion industry to the UK, at around £60 billion, any future Government should prioritise keeping and expanding manufacturing of clothing in the UK to boost economic growth.

Climate change means fashion growth

Despite already being the biggest creative industry, with room to grow volume in UK manufacturing, we know the economic future is even bigger than that because the way

things are manufactured is going to change. As the public becomes increasingly worried about climate change, fashion is adapting as fast as any other industry.

In practice three things are in the process of changing:

- i) The way we can and should manufacture textiles be more sustainable
- ii) The way we consume clothing, and the rise and rise of pre-loved clothing
- iii) What happens to clothing that cannot be passed or donated

What are our clothes made of anyway?

The London-held Future Fashion Expo is visited by 2500 people a year, with over 10,000 materials shown from over 250 global suppliers. And the materials being shown there are increasingly being produced in new ways, resulting in new, and crucially environmentally sustainable contributions to the UK economy.

Regenerative and sustainable fashion has a lot of similar issues to food farming. These include the need to use land in a way that means it can be farmed for years to come, the importance of not polluting our natural resources such as water. This is critical given the fashion industry uses over 79 trillion litres of water over a year.

Take wool for example, which used to make up an astonishing 80% of British exports and is now at the forefront of debates on regenerative fashion. Whilst British wool remains some of the best in the world, it's critical to ensure that the farms that rear the sheep our wool comes from are farmed sustainably.

Along with that it has to be possible for the wool to be sorted as close to where it comes from as possible. Currently wool from Dumfries House in Scotland has to travel all the way to Cornwall for this. This a missed opportunity both environmentally but also for local economies which can themselves be regenerated by the introduction of regenerative practices, if they are supported to do so.

Recommendation: The Government considers tax and other financial incentives to support regenerative practices, including ensuring that skilled jobs can be developed around this to underpin local economics.

Where are we getting them from and how is that changing?

Meanwhile, as the way new clothing is made is making its own economic and eco-friendly contribution, so is the way we buy.

It's predicted by next year that 10% of global clothing sales will be pre-loved garments. That means fashion has created another new business stream. Ever shopped through Vinted? Or even heard of it? [It's currently valued at £3 billion and 16 million of its users are in the UK.](#) In April 2024 it announced a 61% increase in sales, turning profit for the first time and meaning it is now around a third of the size of ASOS, demonstrating that our love for pre-loved is continuing to grow.

Meanwhile, we are consuming more consciously when it comes to special occasions as well as our everyday wardrobes. Rather than buying several “special occasion” outfits which are only worn once or twice, high profile individuals have made renting one-off outfits the new norm. Unsurprisingly, UK-based Hire Street has received significant investment from venture capitalists demonstrating their clear belief in the economic model.

It’s incredibly positive that the UK public are already putting their money where their mouths are when it comes to reducing human impact on the planet but we need to ensure this is not outweighed by the economic, social and environmental challenges faced by fast fashion.

This is not a time to be complacent, there remains a risk that all the good we do will be outweighed by cheap clothing that comes with a much higher price. Fast fashion, which continues to grow as people want the latest trends for the cheapest price possible, however there are multiple downsides. There is the environmental impact of significant amounts of clothing being shipped, worn a few times and made in a way which is difficult to recycle meaning they often end up with landfill.

This is intertwined with significant social issues about the supply chains used in fast fashion and the way those who work in the supply chains are treated and paid. There is significantly more work to do on this in the UK to require brands to take responsibility for their supply chains. As of April 2024 Shein was considering listing on the London Stock Exchange because of fears that its Initial Public Offering might not be approved in the United States due to concerns about its labour practices.

The Environmental Audit Committee recommended the law be changed to require companies to do due diligence checks across their supply chains in their 2019 Fixing Fashion report. However all 19 of the reports other recommendations, were rejected by the government.

Recommendation: The UK Government should match other countries which have bought in laws to increase the responsibilities on fast fashion companies for the environmental damage they cause, to prevent them skewing the market in a damaging way.

What happens when they cannot be passed on?

The impact of climate change won’t just affect the way we manufacture or buy clothes, it also impacts on what happens to materials which aren’t sold on in their original form.

There are a number of ways clothes and shoes can be recycled to be reused. This requires them often to be broken down and split into different constituent parts which can then be sold on to different organisations with different uses for them.

This means further jobs and economic growth is created by proper recycling and it limits the number of “virgin” materials put into the supply chain unnecessarily, which itself makes it easier for practices like regenerative farming to be embedded.

However, this part of the market is still fairly underdeveloped compared to countries such as the Netherlands and Israel where significant recycling plants have already been set up. There are companies looking to do this further in the UK, for example, Glasgow-based ACS who want to build a shoe recycling centre, in a deprived area of the community to create new jobs in an area where they are needed.

And since, like clothes, we all need to wear shoes, there is going to be no shortage of shoe recycling to do. Done properly, our old shoes can be turned into something which can be reused rather than just another thing thrown into landfill.

Recommendation: The Government should work with the private sector to ensure they are able to unlock the funding and space needed to develop recycling centres which are already operating globally.

There's still more (startup) success to come

We know that startups are on the rise. In fact in the UK alone there were over 900,000 startups in 2023 according to NatWest - that's more than 2,000 a day.

So with so many startups looking to build successful new businesses, which industry is taking the UK by storm? That would be fashion. The UK ranks second, only to the United States as the best place to launch your fashion startup.

The benefit to the UK economy? The fashion industry is contributing **£3.35 billion** a year through startups alone.

Forbes has found that an overwhelming number of Gen Z (75%) want to start their own business, meaning there'll be no shortage of further start ups to come. Given the already positive landscape for those interested in fashion startups we asked XXX about their experience of doing so.

[Approach one of these companies for a quote/interview as to their experience of opening a fashion startup in the UK -

<https://ukt.news/who-are-englands-most-influential-fresh-fashion-startups-in-2023/>]

In order to ensure fashion startups remain successful and sustainable we need to ensure our university courses are equipping fashion students with the skills they need to operate businesses. That means teaching accounts and marketing alongside design and tailoring. A number of UK universities are already looking at this approach.

Recommendation: The Government should monitor why fashion startups are thriving in the UK and what lessons can be learned, whilst universities should continue to adapt their curriculums to fit the future of fashion.

Fashion levelled up long before it was on trend

In 2021, at the height of Covid, Fashion Roundtable started to record Value Maps of the number of fashion businesses in the UK by region every year. We also looked at their collective turnover in each region and the number of people they employed.

Across these maps we saw a number of things

- Unlike some industries, **fashion is not linked to a specific geographical area** and therefore the economic opportunities presented by fashion are crucial to the distribution of wealth across the UK or what is often referred to as the “levelling up” agenda
- Within that we have seen some fascinating changes. **Scotland has 2,000 more fashion businesses in 2023** than it did in 2021
- Meanwhile Manchester has seen the number of people employed in the fashion industry **nearly triple from over 2,000 to over 6,000** between 2021 and 2023

As with food, different geographies in the UK have conditions suited to farming particular components needed for different garments and different proud histories from lace-making to jewellery within their local communities.

That means it naturally lends itself to spreading wealth and skills across the UK. Far from being something that only happens during London Fashion Week, fashion in fact, has the potential to return to its former role as a significant part of the local economy from the South West of England to the heart of Glasgow.

It is an industry which has the power to both build on its rich history whilst designing clothes for the future.

Recommendation: The Government considers the role of the fashion industry when allocating funding and powers to devolved areas, and devolved powers ensure they have a local fashion industry strategy where this is a particularly strong area for their local economy.

OUR RECOMMENDATIONS FOR GOVERNMENT

1. **Given the economic contribution of the fashion industry to the UK, at around £60 billion, any future Government should prioritise keeping and expanding manufacturing of clothing in the UK to boost economic growth.**
2. **The Government considers tax and other financial incentives to support regenerative practices, including ensuring that skilled jobs can be developed around this to underpin local economics.**
3. **The UK Government should match other countries which have brought in laws to increase the responsibilities on fast fashion companies for the**

environmental damage they cause, to prevent them skewing the market in a damaging way.

- 4. The Government should work with the private sector to ensure they are able to unlock the funding and space needed to develop recycling centres which are already operating globally.**
- 5. The Government should monitor why fashion startups are thriving in the UK and what lessons can be learned, whilst universities should continue to adapt their curriculums to fit the future of fashion.**
- 6. The Government considers the role of the fashion industry when allocating funding and powers to devolved areas, and devolved powers ensure they have a local fashion industry strategy where this is a particularly strong area for their local economy.**