

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** The Economy, Arts, Sports and Public Realm Policy and Accountability Committee

**Date:** 29/03/2023

**Subject:** Update on the refresh of Hammersmith & Fulham's Industrial Strategy

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### SUMMARY

This report summarises some of the key achievements of the borough's Industrial Strategy and outlines initial proposals for refreshing the Industrial Strategy to reflect the current economic context and to act as a key driver for our work with partners to deliver genuinely inclusive and sustainable economic growth for all our communities. The proposed themes of a refreshed Industrial Strategy set out in this report represent initial officer thinking and are presented for Members' comments and views before they are developed further.

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### RECOMMENDATIONS

1. For the Committee to note and comment on the report.

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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	The refreshed Industrial Strategy will be the primary strategic document in steering how we, with our partners, seek to achieve inclusive economic growth, working especially closely with business.
Creating a compassionate council	By including a proposed section on Inclusion, the proposed refreshed Strategy will look to address some of the fundamentals of our economy which act as a barrier to prosperity for all.
Doing things with local residents, not to them	Co-production will be embedded within the process of refreshing the Industrial

	Strategy.
Being ruthlessly financially efficient	By bringing in both a wide range of Council departments and external partners, the refreshed Industrial Strategy will help to steer prudent allocation of resources to shared goals.
Taking pride in H&F	Building on our pioneering partnership with Imperial College and with business in delivering the Industrial Strategy to date, the proposed refresh will continue to position H&F as a leader in inclusive economic growth.
Rising to the challenge of the climate and ecological emergency	The proposed plan to refresh the Industrial Strategy includes a cross-cutting focus on how we can address the climate and ecological emergency, complementing wider work underway.

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## Background Papers Used in Preparing This Report

- None<sup>1</sup>

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## DETAILED ANALYSIS

1. Hammersmith & Fulham's Industrial Strategy was published in 2017. This report updates this Committee on some of the key achievements to date resulting from the strategy - and the partnership behind it - being in place. It also sets out early thinking on how the Industrial Strategy could be refreshed over the coming months, to respond to current and future circumstances, and a proposed timeline for this refresh.

### Progress to date

2. The Industrial Strategy was published in 2017, developed as a strong partnership with Imperial College London - and with business – with an ambition of making the borough the best place to start and grow a business in Europe and to ensure that everyone benefits, not just a favoured few. Driven in large part by the success of the White City Innovation District and the foundations put in place for that by the Industrial Strategy, this ambition has been realised: the borough is now a global economic hotspot.
3. The development of the Industrial Strategy - and the partnership put in place by the Council's leadership to enable it - was spearheaded by the Leader of the Council and Cabinet Member for the Economy and their aspiration to create a global economic hotspot in Hammersmith & Fulham to rival Silicon Valley, with a focus on ensuring everyone benefits from the resulting economic growth,

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<sup>1</sup> All data sources for statistics used in this report are referenced in the main body of the report.

drawing inspiration from the approach taken by the German Länder and city states. While the role of government in the German approach to economic development is hardwired into their constitutional framework, the role of local government in the UK context – and the absence of many of the levers available in Germany - required a greater role for ‘soft power’ and active relationship building.

4. This soft power enabled engagement by the Council – led by the Leader and Cabinet Member for Economy - at the most senior level with Imperial College London, and the establishment of the formal partnership with them to develop our Industrial Strategy as a joint undertaking. It also underpinned extensive, active, senior-level engagement with business; for instance, bringing together leading venture builder, Blenheim Chalcot, with Imperial College, leading to the establishment of Blenheim Chalcot’s new global headquarters at White City; and playing a key role in retaining L’Oreal – soon to open a new headquarters also at White City - in the borough.
5. Indeed, as a partnership endeavour, the Industrial Strategy has been overseen and steered by a senior level Industrial Strategy Board comprising business, academia and other stakeholders, building consensus and co-ordinating actions – again convened by the Council leadership, drawing on its soft power.
6. Since the Industrial Strategy was developed, we have delivered a pipeline of over 625,000 sqm of quality space for start-up and scale-up businesses<sup>2</sup> and ensured this also caters for a range of affordability options, including through adoption of targeted planning policy to support this goal.
7. As a result of this the borough has seen catalytic growth in high productivity sectors such as life sciences, digital, creative and tech. In addition to creating 6,500 good jobs<sup>3</sup>, these sectors are cementing the borough’s position as a global economic hotspot. Indeed, the Borough was recently ranked as the sixth most competitive UK locality<sup>4</sup>. We have attracted global anchor organisations like Novartis, Airbus, ITV, the Royal College of Art and NATO, who sit alongside biotech pioneers like Synthace and Autolus. Over 60 life science businesses have been created or grown or have moved into our borough.
8. The borough has secured around £5bn in growth investment since 2017 (more than the rest of West London combined), including £1.5bn in life sciences and medical innovation funding<sup>5</sup>. We are a national and international centre of excellence, with a strategic role in addressing key national challenges, through the innovations developed here, not least in life sciences in which the White City Innovation District is especially strong.
9. By the Council using its soft power and working with partners to curate an environment in which these innovative sectors can thrive, we are facilitating the ability of the borough’s economy to become more competitive in emerging

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<sup>2</sup> LBHF Planning Data accessed Q2 2022

<sup>3</sup> Source: DataCity

<sup>4</sup> Source: UK Competitiveness Index, Cardiff University, 2021

<sup>5</sup> DataCity

global markets and be resilient to shocks, whilst offering high wages and supporting investment in our civic infrastructure. Our Upstream partnership with Imperial College, a result of our Industrial Strategy collaboration, has been at the heart of this: connecting, supporting and shining a light on the science, tech and creative sectors since 2018.

10. At a time of both unprecedented innovative potential and economic upheaval, helping residents keep pace with this fast-paced change and ensuring we do not leave people behind is at the core of our strategy. By redoubling our efforts working with schools and adult learners, we have collectively reduced the number of people with 'no qualifications' in the labour market by 3,300<sup>6</sup>.
11. Our Industrial Strategy approach has steered how we seek to align schools, apprenticeships and retraining programmes to the emerging opportunities in the Borough. The Phoenix Academy and Fulham Cross Academy are both members of our Industrial Strategy Board. Our £118m education and youth campus - called Ed City in White City – will focus on ensuring local young people can share in the opportunities arriving on their doorstep.
12. Increased local opportunities for employment in high-growth sectors, alongside improved skills that support people into entry and mid-level roles, has had a positive effect on average wages: since 2017 wages earned by workers in the borough have risen by £123 per week (compared to just £82p/w nationally)<sup>7</sup>.
13. To reflect our borough's economy place at the heart of a global innovation ecosystem, we have signed an economic collaboration agreement with the City of Barcelona linking the White City Innovation District to the 22@Barcelona innovation district to share best practice and develop closer working ties. Building on this, the White City Innovation District has also this year become one of nine founding members of the Innovation Districts Alliance, bringing together a global partnership to share best practice.

### **A refresh to reflect the current context**

14. Acknowledging that the context has moved on since 2017, the proposed refresh of the Industrial Strategy will be undertaken against a different economic and social backdrop.
15. The ongoing high cost of living and the likelihood of a long-term squeeze on living standards sharpens the imperative for inclusive, sustainable economic growth. The economic shock of double-digit inflation has stemmed from the instability of international energy prices and has cost the average UK household an estimated £2,400. This underscores the economic rationale for the need to accelerate progress towards net zero, and the potential economic liability of not doing so in terms of lost income and spending. Real incomes are likely to be depressed for around the next 2 years according to the Resolution Foundation, as businesses also coping with rising input costs will struggle to meet pay settlements that match inflation.

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<sup>6</sup> Source: ONS Annual Population Survey (APS) 2022

<sup>7</sup> Source: ONS Annual Survey of Hours and Earnings (ASHE) 2022

16. The ramifications of the global economy emerging from the pandemic are still felt and the context of additional economic headwinds for international trade, and limited ability to offer pay rises in many sectors that bore the worst effects of the pandemic, has led to a large rise in economic inactivity and 'hidden' unemployment. Around 500,000 people have exited the labour market in London, with poor health (including mental health) cited as the primary reason.
17. Since the Industrial Strategy was published in 2017, the UK has exited the European Union. The specific impacts of withdrawing from the world's largest trading bloc on the UK economy, trading environment and labour market reinforce the need for us to develop a robust local strategy to deal with these challenges. Chief among these challenges is the need for highly productive businesses to attract and retain the skilled workforce they need to thrive, arguably made considerably more difficult by Brexit.
18. The need to address deep-seated inequalities has also been brought to the fore, in part through the economic impacts of the pandemic highlighting issues raised by movements such as Black Lives Matter in stark statistical relief. In H&F Black and ethnic minority residents were over three and a half times as likely to be working in a frontline public services or non-furloughed roles (with higher risk of exposure to coronavirus) during the pandemic. Women are also around three times more likely than men to be earning below the London Living Wage in H&F.
19. The pressing need to address the climate and ecological emergency means we need to redouble our efforts to reach net zero by 2030. Alongside mitigating the significant costs to the local and national economy<sup>8</sup>, there are enormous economic opportunities for areas such as H&F with the capability to lead this national mission. In 2022/3 Innovate UK have invested over £10m in green technologies in H&F's emerging cluster. This builds on over £100m of private investment leveraged into the sector locally, which across London has doubled in size each year since 2018.

### **Proposed themes and topics for the refresh**

20. Considering this changed context, a range of relevant manifesto commitments and other related activity underway, our initial proposal is to segment a refreshed Industrial Strategy into four discrete, but related themes, each comprising more detailed indicative areas of focus. These are presented as a starting point and subject to further development, refinement and consultation, both internally within the Council and externally with our partners.
21. In developing these themes and the ambition and actions which underpin them, it will be important to draw on international best practice, specifically including what is done well in other leading international centres of innovation. There are lessons, for example, from the constitutional framework which actively charges the German Länder and city states to facilitate economic growth and from bold

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<sup>8</sup> In H&F 81,400 households each had an estimated £2,400 less to spend. £195m that could have been invested, or spent in local shops, on personal wellbeing, etc.

policies in South Korea directing research and development funds into ten ‘innovation cities’ to encourage small and medium-sized enterprise growth in localised industries.

22. The four proposed themes, each detailed further below, are:

- i. Opportunity
- ii. Growth
- iii. Place
- iv. Inclusion

23. The tables below provide more detail of potential components of each of these themes and an illustration of the types of outcomes which could be achieved through collective action.

24. The first proposed theme – Opportunity – recognises that, whilst much of the growth achieved as a result of an Industrial Strategy approach and partnership being in place has its own momentum and is, to a degree, self-perpetuating, there remains much to do to ensure that this growth benefits our residents in the fullest way possible, improving life chances for all. Businesses need a long-term talent management strategy in order to thrive and there is an opportunity, with intelligent intervention and a genuine partnership, for the Council to position our residents to form part of the answer to that.

<b>THEME 1: OPPORTUNITY</b>
<b><i>Potential components</i></b>
Skills/education for growth sectors Pathways to/within work Apprenticeships A Youth Guarantee Supporting our small businesses
<b><i>Illustrative outcomes</i></b>
<ul style="list-style-type: none"> <li>• <b>A lifetime, system-wide approach to education and skills</b>, linked to STEMMM<sup>9</sup> opportunities, embedding ambition and aspiration and drawing on international best practice (e.g. the German Länder)</li> <li>• <b>EdCity</b> – our £118m education campus – established as a focal point for aligning career opportunities within the White City Innovation District and the work of schools, apprenticeships and reskilling programmes.</li> <li>• A pioneering <b>partnership between growth sector employers and smart apprenticeship providers</b> to develop new apprenticeship programmes and combine Apprenticeship Levy pots, enabling more local young people to take up opportunities and businesses to access a wider talent pool.</li> <li>• <b>An innovative Youth Guarantee</b>, ensuring all our young people have the best foundation to succeed in careers in the economy of the future: expert mentoring, meaningful work experience, targeted application support and</li> </ul>

<sup>9</sup> Science, Technology, Engineering, Medicine, Maths, Media

more.

- A truly **inclusive Innovation District** enabling local businesses across the borough to thrive and grow, residents to benefit from the economic growth on their doorstep and public services to benefit from the Council's partnership with Imperial College as an anchor institution.

25. The second proposed theme – Growth – focuses on how we can continue to facilitate the environment for the economic growth which is a pre-condition for creating opportunities for our communities, building on the foundations of the global economic hotspot at White City and supporting its further growth through enhanced partnerships and increased internationalisation and inward investment.

<b>THEME 2: GROWTH</b>
<b><i>Potential components</i></b>
White City Innovation District and our partnership with Imperial College Supporting growth sectors Finance for growth Inward investment International innovation partnerships
<b><i>Illustrative outcomes</i></b>
<ul style="list-style-type: none"> <li>• Our <b>ground-breaking partnership with Imperial is broadened and deepened</b> to sustain the growth of the White City Innovation District, bolster its capacity to support innovation, identify and address gaps in support for our growth sectors, attract investment and expand Upstream's work on knowledge exchange and facilitating networking.</li> <li>• Creation of a <b>world-class investment model</b> to unlock major growth opportunities and grow small businesses, particularly in the STEMMM industries.</li> <li>• A clear <b>H&amp;F inward investment proposition in place</b> - and an active collaboration with growth sector businesses, national and international partners to promote it and drive inward investment.</li> <li>• The White City Innovation District sits at the heart of a <b>global network of leading innovation districts</b>, complementing our wider aspiration to twin with municipalities across Europe.</li> <li>• The borough is positioned at the heart of a green economy as a <b>leader in green technology and innovation</b> to address global challenges and support local delivery.</li> </ul>

26. The third proposed theme – Inclusion – considers how we can tackle systemic issues which act as barriers for communities to benefit fully from the opportunities generated from the growth on their doorstep, and deliver

genuinely inclusive economic growth, trialling models and pilots which could be scaled borough wide or indeed inform national policy/approaches.

<b>THEME 3: INCLUSION</b>
<b><i>Potential components</i></b>
Flexible, affordable childcare New models of housing Anchors institutions leading by example The best place for Disabled people Wider determinants of health
<b><i>Illustrative outcomes</i></b>
<ul style="list-style-type: none"> <li>• Leading the way in piloting innovative models of <b>affordable, flexible childcare</b>.</li> <li>• Shaping and innovating our housing offer to broaden the variety of <b>affordable housing</b> models to even more people.</li> <li>• A <b>shared approach - developed in partnership with our anchor institutions</b> – to delivering inclusive economic growth, including how we collaborate to offer ‘good work’, tackle the climate emergency and address common challenges such as attracting and developing a skilled workforce and tackling unfairness in the housing market.</li> <li>• We are <b>ruthlessly inclusive of Disabled people</b>, supporting Disabled people into jobs and ensuring, with local businesses, that they are not excluded from enjoying local goods and services.</li> <li>• Our <b>employment support work</b> – and that of partners locally – helps those who need it most, improving life chances for e.g. care leavers and those on the housing waiting list.</li> </ul>

27. The fourth proposed theme – Place – recognises that the borough’s liveability and environmental factors are central to how we attract anchor institutions to invest here. These factors can reinforce our status as a global economic hotspot, as well as ensuring the borough is the best place to live in a major city for our residents, with a beautiful public realm, clean air, outstanding green spaces, low crime rates and a world-leading arts and culture offer. This theme has a proposed focus on how we curate high-quality town centres and high streets, alongside the role our major developments can play in place-shaping and how we best use our thriving arts and culture sector to deliver better places, which in turn can support positioning the borough actively as a visitor destination. Essential within this theme will be a recognition of the differential geography of the borough and the reach of its components to underpin a whole-borough approach of relevance to all neighbourhoods.

<b>THEME 4: PLACE</b>
<b><i>Potential components</i></b>
World-class places, town centres, high streets Benefiting from major developments / infrastructure



Good use of land/property assets  
Arts and culture  
Visitor economy

***Illustrative outcomes***

- Our new Civic Campus catalyses the rejuvenation and curation of a **high street**, setting the highest standards of public realm, accessibility and sustainability We build on that and the evolving White City public realm strategy to inform place-shaping in other key centres.
- We ensure that our **major developments** – including the Old Oak Common HS2 station – are more than the sum of their parts, serving to promote H&F as a unique destination for investment, trade and tourism and enhancing the borough for residents.
- Through **ambitious use of our assets and planning policy and regulatory levers**, we curate and shape key places and high streets, ensuring promotion of affordable/flexible space for start-ups/scale-ups where possible.
- Our emerging Cultural Strategy helps to drive **London’s best mix of world-class culture, creativity and community arts**, reflecting our diverse heritage and enhancing the borough’s attractiveness as a place to live, work and play and as an investment location.
- A clear proposition in place for the **borough as a visitor destination** and an ambitious plan to promote it, developed with partners in arts, culture, retail and hospitality.

28. Tackling the climate and ecological emergency will run through each of the proposed themes as a ‘cross-cutting’ priority, emphasising the importance of the economic growth envisaged for the borough to be both environmentally sustainable and leading-edge in how it enables a just transition to net zero, in line with the Council’s wider commitments to this.

**Key considerations in shaping the refresh**

29. In developing the outline focus of the strategy refresh further and testing both the themes of work and any detail sitting beneath them, there will be several key considerations to shape our broad approach.
30. Building on the outline of the wider economic context above, it will be essential to develop any proposed strategy refresh and accompanying action plan to take full account of the current backdrop, supported by rigorous analysis of data and evidence, including international best practice. Learning from what has – and has not – worked well will also be important in shaping a refreshed Industrial Strategy and our next steps.
31. Given the proposed focus of the Industrial Strategy refresh on inclusive economic growth to mirror the many commitments in the manifesto, it will be

important to develop an informed understanding of the main challenges to delivering that, appreciating the barriers in place which prevent that from happening and thinking creatively about how a shared approach with partners can overcome those. Recognising the differential geography of the borough, and ensuring the refreshed Industrial Strategy takes a whole borough approach will also be important.

32. Whilst led by the Council, the Industrial Strategy refresh will require extensive engagement of external partners, both in its governance and its delivery. It will also only be successfully delivered as a cross-Council endeavour, led by the Economy Department, but with wide-ranging involvement of multiple departments and teams.
33. The Council's commitment to co-production will also be woven in at the earliest stage in the Strategy's development to ensure it is truly co-produced.
34. Crucially, a 'culture of delivery' will be central to how aspirations set out in the strategy refresh are brought to life. A whole Council approach and meaningful engagement of and steer from external partners will need to extend from the strategy refresh development stage to its delivery, informed by a refreshed Industrial Strategy Board of senior external stakeholders, including business, and a soon to be convened Enterprise Board. Clear measures of success and methods of capturing outcomes will need to be defined, which in turn should allow clear communication of success stories and provide opportunities to share best practice developed in the borough and for the Council and Industrial Strategy partners to act as national thought leaders in inclusive economic development.

### Potential timeline

35. An indicative timeline for development of the refreshed Industrial Strategy over the course of this year is presented below:

April 2023	<ul style="list-style-type: none"> <li>• Economic research and analysis</li> <li>• Assessment of national and international best practice</li> <li>• Cross-council officer engagement</li> </ul>
May / Jun 2023	<ul style="list-style-type: none"> <li>• External partner engagement</li> <li>• Expert panel of advisors convened</li> </ul>
Jun / Jul 2023	<ul style="list-style-type: none"> <li>• Strategy refresh outline drafted</li> <li>• Testing of outline strategy refresh with Leader/Cabinet Member</li> <li>• Member scrutiny via PAC</li> <li>• Refreshed Industrial Strategy Board to meet</li> </ul>

Jul / Aug 2023	<ul style="list-style-type: none"> <li>• Draft strategy refresh produced</li> </ul>
Sep 2023	<ul style="list-style-type: none"> <li>• Testing/revising of draft strategy refresh <ul style="list-style-type: none"> <li>• Cross-Council officer engagement</li> </ul> </li> </ul>
Oct 2023	<ul style="list-style-type: none"> <li>• Testing / revising of draft strategy refresh <ul style="list-style-type: none"> <li>• External partner engagement</li> <li>• Industrial Strategy Board</li> </ul> </li> </ul>
Nov 2023	<ul style="list-style-type: none"> <li>• Testing / revising of draft strategy refresh <ul style="list-style-type: none"> <li>• Leader and Cabinet Member engagement</li> <li>• Member scrutiny via PAC</li> </ul> </li> </ul>
Dec 2023	<ul style="list-style-type: none"> <li>• Cabinet approval of refreshed strategy and action plan</li> </ul>

### **Next steps**

36. Subject to input from this Committee and further engagement with the Cabinet member for the Economy and the Leader of the Councils, Officers will develop the proposals set out above in more detail in line with the timetable set out.

### **LIST OF APPENDICES**

None