SCOTLAND –
SUMMARY OF THE STRATEGIC SKILLS ASSESSMENTS FOR FASHION AND TEXTILES

SCOTLAND'S FASHION AND TEXTILES SECTOR

Skillset represents the Fashion and Textiles sector on skills standards and qualifications and as a Sector Skills Council, is responsible for producing skill related labour market intelligence for the sector. This report covers Scotland only and all the information is based on these sub sectors:

- Apparel and sewn products
- Design
- Footwear and leather
- Laundry and dry cleaning
- Textiles (including manmade fibres and technical textiles)[1]

Where possible, specific skill issues are dealt with on a more sub-sector basis, however, this document serves to cover the entire range of businesses within the Scottish fashion and textiles sector.

IMPORTANCE OF FASHION AND TEXTILES TO THE SCOTTISH ECONOMY

The Scottish Creative Industries[2], which includes designer fashion and textiles, are seen as a growth area for the economy. In 2007, the Creative Industries were estimated to have a turnover of £5.2bn and whilst this figure is likely to have fallen in recent years, it is agreed that the Scottish Creative Industries have maintained a strong performance in comparison to the Scottish economy as a whole[3].

Economic performance can be measured in several ways; this report focuses on the Gross Value Added (GVA) contributions of the Skillset sub-sectors within fashion and textiles to the Scottish economy. However as a note of caution, the statistics for the sector are notoriously difficult to compare and in some instances are not comprehensive, for example the Annual Business Inquiry (ABI) figures do not include self employed status[4].

The Scottish fashion and textiles sector is estimated to contribute £600m GVA to the UK economy[5]. Of the sub-sectors, wholesale activities appear to have the highest contribution, which is in line with UK figures, whilst unique to Scotland are the strength of traditional craft areas such as weaving, knitted products, man-made fibres and apparel manufacturing.

Between 2003 and 2007, the overall GVA fell, standing at 14% less during this period. Employment also saw a 25% reduction in the workforce, however, before the recession the speed of decline in GVA was slowing, with some signs of stabilisation[6]. The whole fashion and textile sector in 2008 represents about 0.7% of all workplaces in Scotland[7].

Despite fewer employees and product volumes, the change in contribution per individual in employment – or GVA per head – increased by 14%[8]. Wholesale clothing and footwear, leather goods manufacture along with dyeing and finishing showed absolute growth in productivity per head between 1999 and 2007. These figures are evidence of the successful move to niche and high value production, where the Scottish sector appears to be at ease and adept at adapting to changing market needs. Indeed if broken down further, figures for Scottish fashion and textile manufacturing indicate that GVA per head doubled to £40,000 per worker during this period[9].

GLOBALISATION

In terms of structure, Scottish fashion and textiles manufacturing has, in line with the UK overall, undergone seismic changes. Through the recognition and exploitation of new markets, businesses have adapted their business models accordingly and require fewer workers but have greater demand for skills.

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[1] To be more specific about the content of these subsectors, they comprise: (i) Materials production and processing: Including processing of raw fibres, spinning and weaving, tanning of leather, finishing of textiles, manufacture of knitted and crocheted fabrics, production/processing of manmade fibres, production of non-wovens (ii) Product design: Including textiles, clothing, fashion design (iii) Manufacture of made-up articles: Including household textiles, carpets, apparel, knitwear, luggage, footwear and leather goods (iv) Trading in apparel, footwear and textile items: Including sourcing, logistics, distribution, branding and marketing and (v) Servicing of apparel, footwear and textile items: Including fitting of carpets, laundries, dry cleaning, textile rental and clothing and shoe repair

[2] Creative Industries Key Sector Report – Scottish Government Nov 2009 - Creative industries are defined as: advertising, interactive leisure software, architecture, music, arts and antiques, performing arts, crafts, publishing, design, software and computer services, designer fashion, TV, Radio and film

[3] Creative Industries Key Sector Report – Scottish Government Nov 2009

[4] See section below on Background to the Sector – who, how many and where for more details on data issues

[5] ABI (Annual Business Inquiry) 2007 estimates

[6] Scottish Government 2008 – GVA at basic prices by category of output

[7] Sector Skills Alliance, Fashion and Textiles Scottish Sector Profile 2009 (stats from Inter Departmental Business Register statistics)

[8] ABI 2003-07 based on Skillfast-UK estimates (Skillfast UK is now Skillset)

[9] ONS GVA Regional Accounts

The driver of these changes has been the opening up to international market forces, which has affected the fashion and textiles sector to a far greater extent than other sectors of the economy. The liberalisation of trade policies and continued sophistication of communication technology has enabled the sector to position itself as a high value, innovation driven, quality producer of goods, whilst lower value and high volume production has been off-shored or out sourced.

The export market is absolutely key to growth in the sector and offers the greatest potential for future expansion, in particular the 'Scottish Style' which is a recognised and valued brand in both design and manufacturing, including products such as kilts, cashmere knitwear and Harris Tweed. Indeed the export markets for Scottish apparel and textile products appeared to stabilise for a while from 2002. This is compared to the domestic market for products which fell considerably.

Import markets have equally affected the sector and the Consumer Price Index (CPI) illustrates the impact low cost clothing imports have had. The CPI figures for clothing and footwear remained stable between 2000 and 2008, whilst all other consumer items have doubled in price since 1987[10].

In terms of growth strategies, Scottish businesses along with the rest of the UK, are clearly maximising their competitive position globally through:

- Niche manufacturing – technical, small batches, higher margins
- Balanced sourcing – UK based manufacture of samples and small runs, but offshore large production runs.
- 100% overseas suppliers – emphasis on strong production and supply chain management with only samples being made in Scotland

There are some key issues which should be highlighted here in light of the impact of the recent recession. Output recorded in the Index of Production shows fashion and textiles manufacturing recorded almost a 40% contraction in demand over a two year period, whilst in comparison, the wider Scottish manufacturing sector remained relatively stable[11]. Meanwhile the export markets, despite some stabilisation as mentioned, fell sharply in 2008/09 when the full weight of the US financial crisis hit with the closure of Lehman Brothers, exports saw a £36m drop in trade during this period[12].

Despite the relative strength in terms of GVA per head and the ability of businesses to diversify and harness new markets, the Scottish fashion and textiles sector has signs of continued decline rather than growth. However, the sector does have government support with the Scottish Textiles Industry Association (STIA), which includes designer fashion, whose priority is to improve "the overall impression of Scotland as a textiles centre and how to support the industry"[13]. There are also strong industry forums, such as Scottish Textiles Industry Forum, Scottish Textiles Academic Group and Scottish Academy of Fashion, all of whom are now networked along with Skillset through the Scottish Textiles Stakeholder Forum.

BACKGROUND ON THE SECTOR – WHO, HOW MANY AND WHERE:
In order to assess the skills issues more effectively, below is a summary of the make-up of the workforce in Scotland. These figures can only be indicative, as analysing fashion and textiles sector statistics is notoriously difficult, for example: Government statistics (ABI data[14]) exclude self employed figures. To counter this, in 2008 Skillfast UK[15] commissioned a re-sizing study (tbr data) and the differences for Scotland are significant. Therefore ABI data should be taken in the context of these differences.

[10] ONS (Office of National Statistics) Monthly Digest of Statistics
[11] Scottish Government Quarterly GDP index q2 2009
[12] HMRC (Her Majesties Revenue and Customs) figures
[13] Creative Industries report November 2009
[14] ABI – Annual Business Inquiry 2007 -
[15] Skillfast-UK now Skillset – http://www.skillset.org/fashion_and_textiles/

	ABI 2007	Tbr 2008	
Number of firms	1,400 Workplaces	5,500 Firms	With the self employed figures, the number of firms quadruples
Number of employees	16,500 Employees	23,000 Employees	With the self employed figures the number of employees increases by one and a half

- **Company Size**[16]**:**
- 83% of businesses employ between 1 and 10 people
- 42% of employees work in organisations with between 50 and 199 workers
- **Employment levels by sub sector**[17]**:**
- 50% work in textiles (compared to just 39% in the UK)
- 29% work in apparel and sewn products (compared to 37% in the UK)
- 5% work in footwear and leather
- 16% in laundry and dry cleaning
- **Employment demographics**[18] **-** not significantly different to Scotland's entire workforce
- 61% of the Scottish workforce is female
- 16% are self employed
- 24% work part time
- **Age bands**[19]:
- 47% of Scottish fashion and textiles workers are over 45 years (compared to 41% for all Scotland sectors)
- 43% are between 25 and 44 years (compared to 45% for all of Scotland)
- 10% are between 16 and 24 years (compared to 15% for all of Scotland)
- **Regional importance**[20]
- The apparel and sewn products sub-sector is concentrated in the Scottish Borders and Glasgow
- The textiles industry is equally spread between the Scottish Borders and Angus.
- Laundry and dry cleaning have the highest concentration of businesses in cities, particularly Fife, followed by Glasgow and Perth and Kinross
- **Occupational distribution** [21]
- Employee occupations are heavily concentrated in the machinery, process plant operative and elementary workers, compared to all of Scotland.
- Managerial and skilled trades are of equal concentration at 10% and 13% respectively
- Under-represented are administrative and professional roles
- **Level of Qualifications -** Key qualification issues are demonstrated in this table – nearly half of the work force are below or at Scottish Vocational Qualification level 2, with stark differences at the top and bottom of the scale compared to other sectors.

[16] ABI – Annual Business Inquiry 2007 (n.b. the ABI analysis excludes micro and self-employed businesses within the sector)
[17] ABI – Annual Business Inquiry 2007
[18] Annual Population Survey (APS) 2008 NB – APS figures include self employed
[19] APS 2008
[20] ABI 2007
[21] ABI 2007

THE SKILLS AGENDA

The key drivers of change that impact the level and mix of skills being demanded by both domestic and international markets can be categorised as follows;

1. **Technical textiles** – A recent DTI report [22] put the contribution of technical textiles to the UK economy at £1.5billion. Scotland has been and is well placed to take advantage of these markets as existing textile companies convert from a traditional textile manufacturing base to performance and smart material markets and investing in research and development. Scottish Enterprise identified a number of firms involved in this sector, including: Ahlstrom, WL Gore, DuPont, Don & Low, Scott & Fyffe, Wilkie and Bonar[23]

2. **Fast fashion-** Consumer demand led supply of fashion has put increasing pressure on the manufacturer to reduce lead times and costs. This impacts the design and production management roles in businesses supplying retail focused products.

3. **The Scottish style –** As previously mentioned there is a distinctive style which is in demand in export markets, especially USA, France, Germany, Italy and Japan. Textile manufacturers reported selling 39% of their stock to these markets. Cashmere is a perfect example of how the success of overseas sales has driven innovation in business and production, two thirds of cashmere suppliers report over 50% of sales go overseas[24], particularly successful brands are Begg Scotland, Hawick Knitwear, Todd and Duncan and Johnston's of Elgin. This has value not just to the companies, but to the overall reputation of Scotland as a producer of high quality, luxury products.[25]

4. **Adaptation to changing technology –** Harnessing the opportunities of new technology have been key to Scottish industry growth, with obvious skill demands to optimise investment in technology too. Key applications include: Computer Aided Design and Manufacturing (CAD/CAM), production, supply and resource planning, production technologies (e.g. 3D knitting), virtual networking and collaboration in production development, engineering and design, innovative materials, such as the new generation of non-woven fabrics, fibres and technical textiles.

5. **Image of the sector -** Perception of the sector amongst the young generation is poor, a recent survey amongst 14-19 year olds ranked fashion and textiles 9th out of 10 options for potential careers[26], though a key reason for this is the lack of awareness and understanding of sector job roles, notably of the occupations that are likely to shape the direction of sector.

6. **Sustainability –** The sustainability agenda is becoming a key influence on company behaviour affecting branding, business models and supply chains in the process. Scottish businesses in particular are at the forefront with the Scottish Government's publication of the Scottish Sustainable Development plan (SDDP).[27] This endorses the UK's plan published by DEFRA[28] but goes further on a sector level with the Scottish Enterprise Textile Industry Support Programme 2009/12 which has sustainability identified as one of its five key action areas[29].

The impact of these drivers, coupled with the specific occupational structure of the workforce and the economic environment, strongly influence the character of the skill needs. The areas where skills are needed most to enable fashion and textile firms to remain competitive and continue to innovate successfully in global market place are:

- **Design creativity** – allied to strong commercial and technical awareness.
- **Branding and marketing** – differentiation of products in the global market through strong branding.
- **New production development and commercialisation of new technologies** – New product development requires strong science, technology, maths, engineering and chemistry graduates.
- **Ability to compete in premium and niche markets on a global level** – High value added, quality products require specialised craft skills, which have to be learnt 'on the job'.
- **Overseas sourcing** – demanding direct experience and knowledge of materials and product technology.
- **Cost reduction** – Optimising productivity and reducing labour costs requires strong production management skills coupled with understanding of operative, technical levels.
- **Management and leadership** – robust entrepreneurial, innovative leaders with wider experiences and understanding of sector needs.
- **Ageing workforce** – succession planning for the technical and practical skills to be transferred before retirement.

SKILL GAPS AND SHORTAGES

[22] DTI – 2007 – Department of Trade and Industry
[23] www.scottish-enterprise.presscentre.com/industry-briefings?textiles-59.aspx
[24] ECOTEC (2007a & 2007b) on behalf of the Scottish Textiles team at Scottish Enterprise
[25] ECOTEC (2007) on behalf of the Scottish Textiles team at Scottish Enterprise
[26] Skillfast-UK – Generation F - Survey of 14-19 year olds 2009 (Skillfast-UK are now Skillset) 2009
[27] SDDP –http://www.scotland.gov.uk/Publications/2009/10/sspap/Q/Page/1
[28] DEFRA – Department for the Environment, Food and Rural Affairs – Sustainable Clothing Action Plan 2009 (&2010)
[29] http://www.scottish-enterprise.presscentre.com/Industry-briefings/Textiles-59.aspx

The occupational structure of the Scottish fashion and textiles sector workforce is very different to that of the broader economy and this impacts its skill needs. The sectors' reliance on highly technical, craft, operative and sector specific management and leadership job roles enables it to compete effectively, but when these posts become vacant, they are extremely hard to fill. This is reflected by the diverse nature of skills needs that the Skillfast-UK 2008 employer survey identified across skilled trades, operative and associate professional level (managerial) occupations.[30]

Skill shortages are defined as those vacancies which are hard to fill because of the shortage of candidates with the required skills, qualifications or experience. The statistics show over half of all vacancies were hard to fill compared to 43% across all sectors in Scotland[31] (it should be noted that these figures are taken pre-recession). In addition to this reality, employers are displaying apprehension at the thought of recruiting, as 66% of employers perceived the existence of skills shortages if they were looking to recruit into their businesses. If the ageing workforce is factored in, the skill shortages pose a significant risk to business competitiveness.

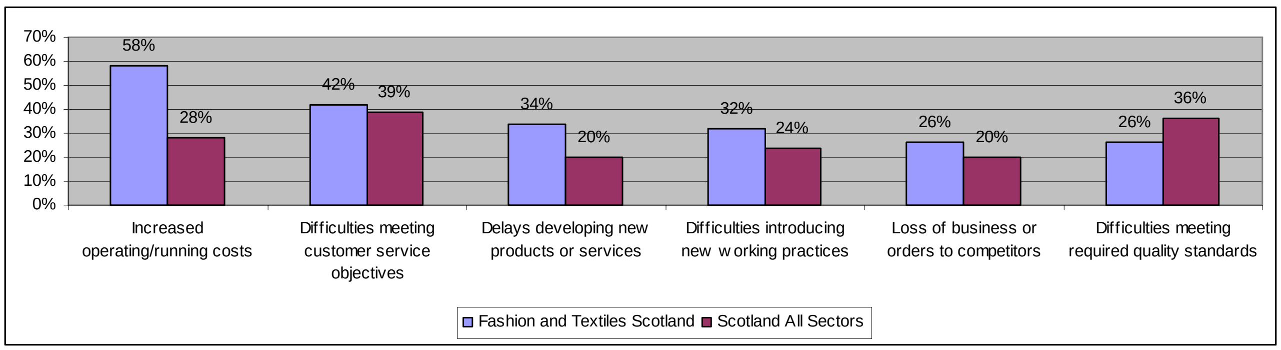
In conjunction with issues surrounding vacancies, Scottish industry as a whole appears to have a high incidence of skill gaps in the workplace. A skills gap is defined as when an employer considers his/her employees as not fully proficient at their job. Across Scotland, 22% of employers considered that their workplace had an incidence of a skills gap and for the fashion and textiles sector, the figure is 20%, indicating a national rather than a sector specific issue.

Skill gaps identified by employers:

	Fashion and Textiles Scotland	All Scotland
Other technical and practical skills	62%	46%
Planning and organising	60%	55%
Team work skills	53%	49%
Customer handling skills	47%	55%
Oral communication skills	45%	42%
Problem solving skills	39%	54%

Source: SESS 2006

The impact of skill gaps and shortages were also reported by employers and these show how critical the current skills issues are in Scotland to business performance, with the fashion and textiles sector being affected to a far greater degree than across all Scottish sectors:



Impact of Skills Gaps – SESS 2006

Unfortunately, the sector does not have a strong culture of workforce development to enable a significant response to these skill issues. In the SESS report 2006, the fashion and textiles sector's response to skill gaps was not to provide further training, or increase trainee programmes, but rather to change working practices or relocate work within the company when compared the national picture[32].

[30] Skillfast UK (now Skillset) survey of employer 2008
[31] Hard to Fill vacancies as a % of all vacancies in Scotland – 51% (Scottish Employer Skills Survey, SESS 06)
[32] SESS 2006 – Responses to Skill gaps by employers – provide further training 56% Fashion and textiles, 81% all Scotland sectors. Change working practices 50% fashion and textiles, 42% all Scotland sectors. Increase/expand trainee programmes 37% fashion and textiles, 51% all Scotland sectors. Relocate work within the company 32% fashion and textiles, 20% all Scotland sectors.

Responses to skill gaps by employers	Fashion and Textiles Scotland	Scotland All Sectors
Provided further training	56%	81%
Changed working practices	50%	42%
Increased/expanded trainee programmes	37%	51%
Relocated work within the company	32%	20%
Expanded recruitment channels	26%	14%
Increased recruitment	18%	18%

SESS 2006

Having said this, there is evidence to suggest that employers are aware of their specific-sub sector skills priorities; the apparel, sewn products and design sector for example are focused on strong succession planning for the ageing workforce in technical and craft skill areas, as well developing robust sales and international marketing skills to consolidate existing markets whilst developing new ones[33]. In contrast, the more domestic focused sectors, laundry and dry cleaning, footwear and leather are struggling to recruit and retain able young people into roles and see this as their focus for support from the education and training system.

Engagement with the education sector is also beginning to shows signs of stronger activity as employers seek and form partnerships with vocational training providers to either assist in meeting skill needs in colleges or to form in-house training development[34].

At a higher education level, design is a function used by over a third of businesses (excluding laundry and dry cleaning), yet 69% of employers with designers stated recent graduates lacked the necessary technical skills and 77% stated they lacked commercial awareness. This has to be addressed, notably to fill the managerial and leadership vacancies.

CONCLUSION

The Scottish fashion and textiles sector has an established position in international markets, export potential and a clear and defined brand in the Scottish style. Yet the occupational make up of the sector, with the ageing workforce, dominance of operative and skilled craft trades which are difficult to fill as vacancies become available, coupled with a need to enhance the managerial, leadership, marketing and sales skills within the global environment, are stifling the ability of the sector to compete effectively and leading to lost contracts. The necessity for stronger and more robust succession planning is evidenced (Working Futures) yet there is little headway made in addressing these critical needs.

The sector appears to be well aware of its skills needs and requirements, but is currently unable to build on this partly because of the lack of potential new recruits willing to enter the industry. Given these issues, good quality in-house and college/university led training programmes are essential interventions to retain a strong competitive edge for the Scottish fashion and textiles sector.

[33] Skillfast UK – now Skillset – Employer survey 2008
[34] Skillfast UK– now Skillset – Employer survey 2008