



Strategic Skills Assessment for the Fashion and Textiles Sector in London

June 2010

Introduction to the Sector Skills Assessment

Skillset is the Sector Skills Council for the Creative Media and Fashion and Textiles sectors. A key function for Skillset is to assess the sectors skills needs and work with industry, Government and employers to respond to these.

This report on the London fashion and textiles sector offers a comprehensive overview consisting of four specific elements that are:

1) What Drives Skills Demand?

The current and recent sector performance drivers; the competitive position of both the sector and its key sub-sectors; the economic structure and condition of the sector; the factors driving this performance, position and the skills implications.

2) Current Skills Needs

Leading on from the drivers of change, the assessment includes a robust analysis of current and expected skill needs in the sector and recruitment issues. This section outlines the skills shortages, gaps and needs identified by employers and how these differentiate across the full spectrum of competencies and occupations.

3) Anticipating What Lies Ahead

This section offers a strategic insight, building on the current drivers of skills demand and skills needs, examining possible/likely future trends in the sector and anticipating the associated skills needs these will bring.

4) Geography

The assessment asks Skillset to pay particular attention to the geographical composition of the sector, highlighting where specific skills issues are particularly manifest. This analysis allows for the correct interpretation of higher level skills information presented in the skills needs analysis.

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Glossary

ABI	Annual Business Inquiry
APS	Annual Population Survey
BAME	Black and Minority Ethnic
CFE	Centre for Fashion Excellence
CMT	Cut, Make and Trim
DCMS	Department for Culture, Media and Sport
DEFRA	Department for Environment, Food and Rural Affairs
EDI	Electronic Data Interchange
ETS	Emissions Trading System
GVA	Gross Value Added
HMRC	Her Majesty's Revenue and Customs
IPPC	Integrated Pollution Prevention and Control
LDA	London Development Agency
NESS	National Employer Skills Survey
NESTA	National Endowment for Science, Technology and the Arts
ONS	Office for National Statistics
REACH	Regulation, Evaluation, Authorisation and Restriction of Chemicals
SSC	Sector Skills Council
SME	Small and Medium Enterprises
SNA	Sector Needs Assessment
UKCES	UK Commission for Employment and Skills
UKFT	UK Fashion and Textile Association
UKTI	UK Trade and Investment

The fashion and textiles sector

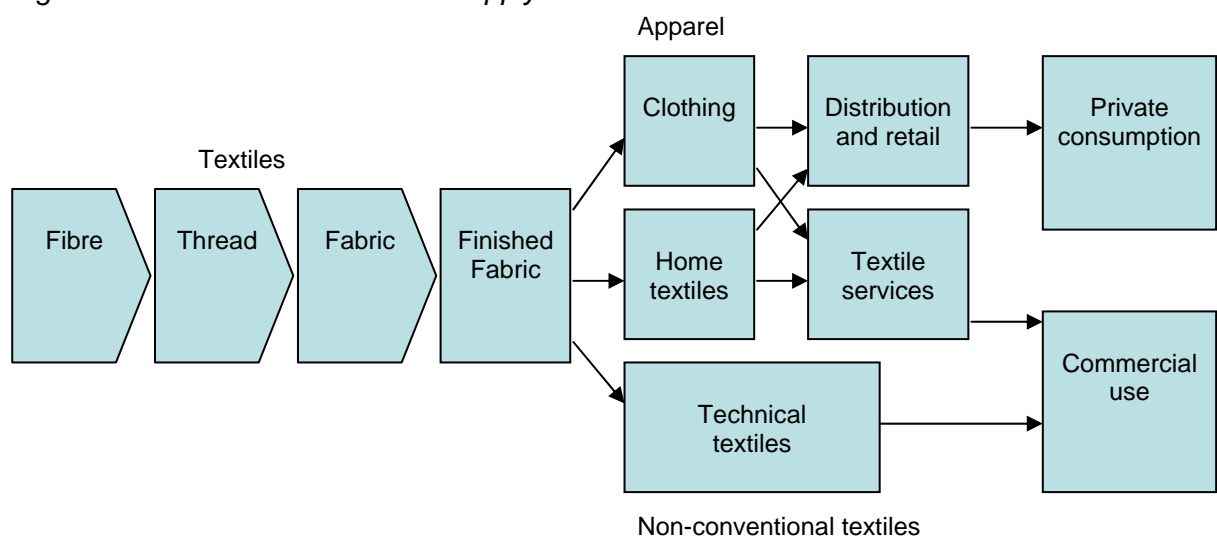
The fashion and textiles sector in the UK covers a vast range of activities and functions. The sector footprint covers the apparel, footwear and textiles supply chains, from the processing of raw materials, to product manufacture, wholesaling activities and the after-sales servicing of products.

At a UK level, the fashion and textiles sector accounts for 79,000 businesses, is responsible for the direct employment of 340,000 people and is worth £11.5 billion in GVA to the UK economy.¹

Within Skillset's remit are companies that undertake the following processes and activities that occur within the fashion and textiles supply chain.

- 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
- Product design (textiles, clothing, fashion design)
- Manufacture of made-up articles, including household textiles, carpets, apparel, knitwear, luggage, footwear and leather goods
- Trading in apparel, footwear and textile items, including sourcing, logistics, distribution, branding and marketing
- Servicing of apparel, footwear and textile items, including fitting of carpets, laundries, dry cleaning, textile rental and clothing and shoe repair

Figure 1: The fashion and textiles supply chain²



¹ TBR (2008) *Resizing the Fashion and Textiles sector*

² EMCC (2004), p.1 in EMCC (2008)

Companies within the footprint serve the following end-use markets:

- Carpets
- Home furnishings (e.g. curtains and upholstery fabrics, as well as “technical” components such as furniture platform cloths)
- Household textiles (e.g. bed linen, table linen, as well as “technical” components such as pillow tickings)
- Technical textiles for non-consumer applications (e.g. automotive, medical, industrial textiles)
- Technical consumer goods (e.g. tents, sleeping bags, rucksacks) and performance outdoor-wear
- Footwear (including repair services)
- Leather and leather-goods (including leather repair)
- Retail clothing
- Knitwear and hosiery
- Corporate clothing, work-wear and protective clothing (including support services such as laundering)

As the fashion and textiles sector is a broad and complex sector, Skillset segment the sector into six sub-sector boards as outlined below.

- Apparel and sewn products
- Design
- Footwear and leather
- Laundry and dry cleaning
- Manmade fibres and technical textiles
- Textiles

What drives skills demand

The importance of London's Fashion and Textiles sector

The fashion and textiles sector in London is home to 13,680 businesses that employ 46,000 people, therefore making up 17% of businesses and 14% of employment within the UK fashion and textiles sector.³

London is acknowledged as one of the most important global creative centres, setting cutting edge trends with fashion one of its core constituents⁴ whilst also recognised for its long history as a centre for fashion and textile mercantile activity.⁵ London is home for instance to specialist crafts such as the bespoke suit makers of Savile row and niche specialist millinery and costumes producers whilst the headquarters of many important UK fashion and textiles businesses are based within the capital.

Research conducted by Dr Neri Karra (2009) on the UK Designer Fashion Economy found London was a major influence on fashion designers, with the capital affording great opportunities. Amongst the findings were⁶:

- London Fashion Week was seen by most designers as being influential in the publicity it received and the showcasing of new trends and designs in the fashion industry.
- The proximity of infrastructure that can support a successful Designer Fashion Economy such as buying offices, fashion press, sales agents, PR agents and model agencies are based there whilst a large creative industries sector means demand is high for Designer Fashion Services.
- London is viewed as the UK designer fashion capital and an influential hub for talent, trends, and creativity for designers regardless of their location. The

³ TBR (2008) Resizing the Fashion and Textiles sector

⁴ Cultural Metropolis, (2010) The Mayor's Draft Cultural Strategy: 2012 and Beyond accessed at http://www.london.gov.uk/sites/default/files/Cultural_Metropolis_June_10_0.pdf

⁵ Ibid

⁶ Karra D (2008), The UK Designer Fashion Economy, Value relationships-identifying barriers and creating opportunities for business growth Centre for Fashion Enterprise commissioned for NESTA

proximity of other creative industries in the capital is seen to open up opportunities for collaboration and growth.

Size and scope of the London Fashion and Textiles sector

The importance of London to the UK fashion and textiles sector is underlined by the analysis made by TBR⁷ and represented in table 1. Among the key findings are:

- Designer fashion's influence on London and the wider UK fashion and textiles economy is underlined by the large number of specialist fashion design agencies within the capital. 50% of all specialist fashion design firms and 46% of employment within these establishments are based within the capital.
- Clothing manufacture is an important industry to London. 17% of firms and 19% of employment activities involved in this activity within the UK are located within London.
- A fifth of all UK employment in the wholesaling of hides/leather, textiles and clothing and footwear occurs within the capital. This underlines London's historical role as the predominant location for intermediary services between manufacture and final retail. This is also applicable within both an import and export context.
- Laundering and dry cleaning services are numerous and employ a large number of people. These services incorporate both large scale commercial laundries that cater for the hotel trade, organisations such as the NHS, and laundry and dry-cleaning services that cater for the general public.

⁷ In 2008 TBR were commissioned to re-scope the Fashion and Textiles sector. This was due to the difficulties that existed in obtaining business and employment numbers beyond businesses with employment which is the main problem in using ABI data that excludes the self-employed workforce.

Table 1: Business and employment within the London fashion and textiles sector

UKSIC 03	Description	Businesses	% of UK total	Employment	% of UK total
15113	Fellmongery	*	*%	20	2%
17	Textile manufacture	1,710	9%	4,280	4%
18	Clothes manufacture	2,170	17%	9,880	19%
19	Leather manufacture	110	12%	810	5%
2124*	Wallpaper manufacture	*	*%	*	*%
24422*	Non-medicaments manufacture	0	0%	0	0%
247	Manmade fibre manufacture	80	18%	70	2%
3310*	Medical equipment manufacture	*	*%	*	*%
4543*	Floor/wall covering	410	6%	480	6%
5111*	Agents raw materials	170	17%	510	13%
5116	Agents textiles/clothing/leather	440	16%	1,550	10%
5124	Wholesale hides/leather	60	26%	220	21%
5141	Wholesale textiles	800	21%	3,290	21%
5142	Wholesale clothing/footwear	1,990	25%	10,380	21%
51479*	Wholesale other household goods	230	21%	930	21%
5156*	Wholesale intermediate products	*	*%	20	4%
5271	Repair shoes/leather	490	21%	710	17%
5274*	Other repair	550	9%	1,010	10%
71409*	Rent personal/household goods	50	8%	160	7%
74872	Speciality design	980	50%	1,740	46%
9301	Wash/dry clean	3,450	27%	10,150	21%
Total		13,680	17%	46,230	14%
Technical Textiles		30	6%	200	4%

*Specific parts of the footprint identified that have a fashion and design element based on TBR analysis * in the columns represents number too small to disclose.

Source: TBR 2008

Size of businesses within the London Fashion and Textiles sector

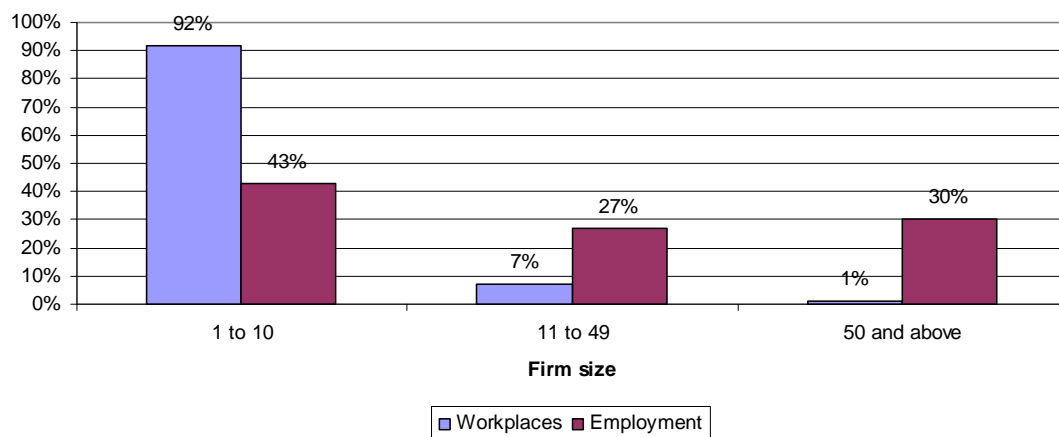
A key feature of the fashion and textiles sector in London that differentiates and dictates both the business behaviour and skills needs compared to the wider UK fashion and textiles sector are the relative smaller size of workplaces.

Whilst London is home to the largest number of businesses; emphasising the small and micro nature of workplace composition within London, it is only the second largest employing region for the fashion and textiles sector behind the North West.

Figure 2⁸, shows 92% of London's fashion and textile workplaces employ between 1 and 10 people and accounts for 43% of all the people employed. At the opposite end of the spectrum, only 1% of workplaces employ more than 50 people, which accounts for 30% of the fashion and textile workforce.

In comparison, the picture nationally for fashion and textile workplaces employing between 1 and 10 people is 87% whom are responsible for the employment of 30% of the workforce, a far smaller proportion than London.

Figure 2: Employer and employee sizebands for the London Fashion and Textile sector



Source: ABI 2008 (based on SIC 17-19, 5116, 5124, 5141, 5142, 5271, 9301)

⁸ Annual Business Inquiry Data excludes the self-employed

Demographics

The employment demographics of the fashion and textiles sector in London is very different to the wider UK Fashion and Textiles sector. Analysis of the APS⁹ indicates the key demographics are:

- Just under a third of the workforce is over 45 years old. This is in line with employment more generally within London. In comparison, the UK fashion and textiles sector has 44% of the workforce over this age.
- Reflecting the diversity of the population in London, BAME workers make up a large and growing proportion of the London fashion and textiles sector. 35% of the fashion and textiles workforce in London are of BAME status compared to 14% for the UK. In addition to these figures, the 2004 Fashion and Textiles survey revealed that 41% of establishments sampled were owned or part-owned by a member of a BAME group. NESS 09 also reported 32% of fashion and textiles business in the capital were owned or more than part owned by a BAME, in comparison to 16% for England.¹⁰ By 2031, it is estimated that the majority of the working age group in London will be from BAME background.¹¹
- Despite the large proportion of clothing manufacturing jobs that exist within the sector, roles that are traditionally the domain of females such as sewing machining, female employment is lower than reported on a UK fashion and textiles basis at 47%. However, this is greater than the all sector figure for London.
- Part-time working is more prominent within the London fashion and textiles sector, than both the UK fashion and textiles sector and when compared to all employment in London.
- The fashion and textiles workforce is also reasonably settled, with 44% being employed within their current job for over 5 years.

⁹ The APS data is deemed reliable when three cases are reported within the sample.

Disclosure rules prevent reporting beyond this. APS citation is located in bibliography

¹⁰ NESS 2009 excluding don't knows. NESS in 2009 is also run on an England only basis

¹¹ 60% will come from women. (Projections for the London Plan, DMAG, 2009) and 69% from BAME groups (DMAG briefing 9, Table 4, 2009) in The Mayors Economic Development Strategy May 2010

Table 2: Key demographics of the fashion and textiles sector in London

	London Fashion and Textiles	UK Fashion and Textiles	All London employment
Age bands			
24 and under	13%	12%	11%
45+	31%	44%	32%
BAME background	35%	14%	30%
Self-employed	21%	18%	15%
Part-time	27%	25%	21%
Female	47%	52%	44%
In job over 5 years	44%	44%	52%

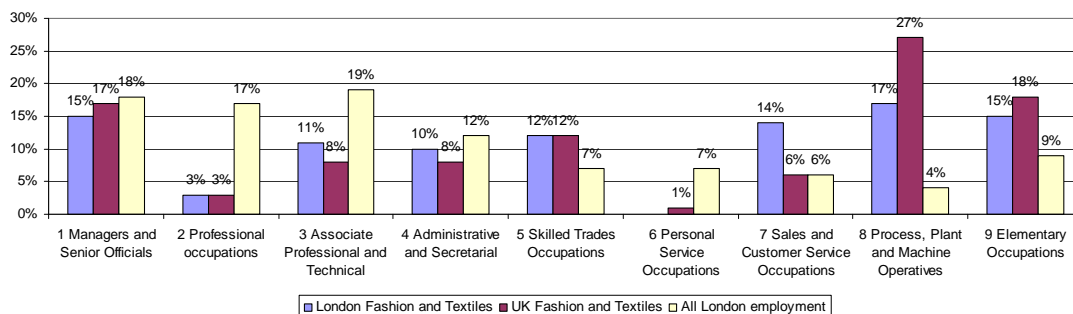
Source: APS 2008 (based on SIC 17-19, 2470, 5271 & 9301 for Fashion and Textiles)

The occupational make up of the sector in London is quite markedly different from the sector at a UK level as indicated in figure 3.¹²

These differences can be explained by the larger number of associate professional occupations relating to design activities. Sales and customer service occupations were also proportionally far more prevalent than elsewhere, emphasising London's role as a global trading hub for fashion and textiles.

A major contributor to these differences is that London has less of an emphasis on large scale manufacture and more on niche activities. This is borne out by there being proportionally fewer jobs at an operative level.

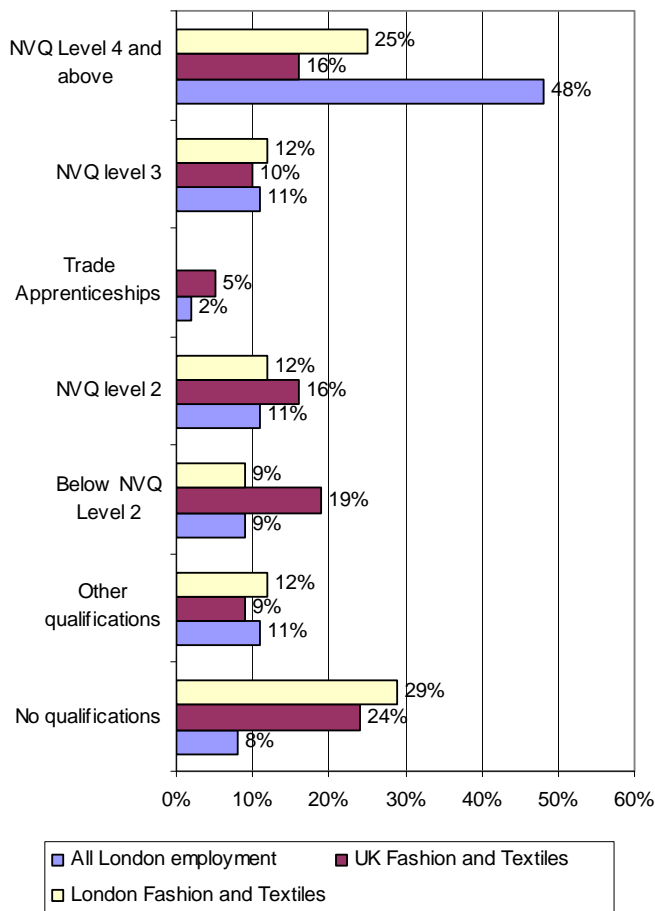
Figure 3: Occupational make up of the London fashion and textiles sector



Source: APS 2008 (based on SIC 17-19, 2470, 5271 & 9301 for Fashion and Textiles) n.b: Personal Services Occupations sample size is too small to report on a London Fashion and Textiles basis.

¹² Please see Annex B for how these occupational groups relate to Fashion and Textiles

Figure 4: Qualification composition within the London Fashion and Textiles sector



London's emphasis on design, sales and customer service occupations in comparison to the sector on a UK basis is highlighted by a quarter of the fashion and textiles workforce being educated to degree level. However, this is in contrast to the wider London workforce for whom 48% are qualified to degree level.

Conversely though, London also has a higher number of people educated at below NVQ level 2 (GCSE equivalent) and without any qualifications than is generally seen within fashion and textiles at a UK level and highlights the spectrum of activity undertaken.

Source: APS 2008 (based on SIC 17-19, 2470, 5271 & 9301 for Fashion and Textiles) n.b: Trade apprenticeships sample size is too small to report on a London Fashion and Textiles basis.

This dichotomy has been highlighted in the recent Mayoral Economic Strategy, which pin-points London as suffering from 'job polarisation'. Whilst there are a large number of highly skilled workers within the capital, there has been a loss of mid-skilled jobs and therefore a large number of people with few or no skills facing intensive competition for jobs.¹³ In this respect, the fashion and textiles sector is no different and emphasises the up-skilling needs of production and backroom staff as well as the more 'glamorous' design roles.

¹³ Economic Evidence Base, GLA Economics, May 2010 'Taking London to the World' Mayor of London, LDA, UKTI 2009 in The Mayors Economic Development Strategy May 2010

Economic performance of the sector

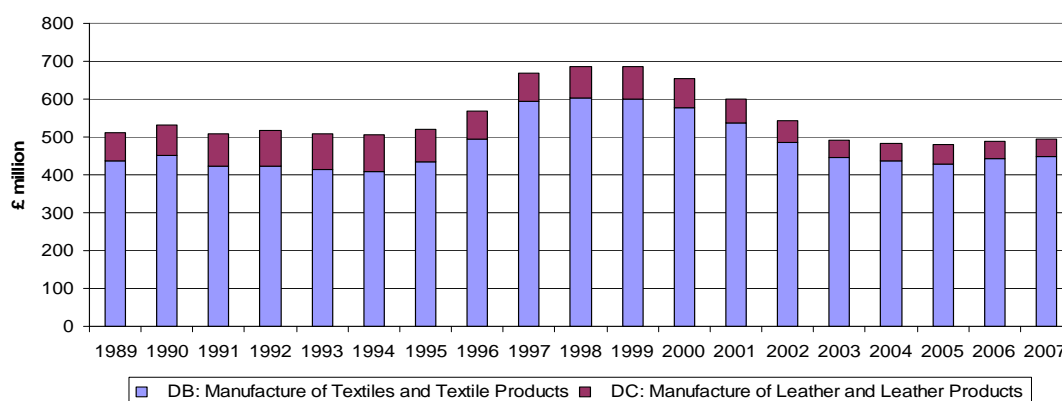
The Economic Performance of the Manufacturing base

The data in figure 5 highlights how London's fashion and textiles manufacturing base experienced a sharp increase in output from 1995 which had peaked by 1999. The preceding years though saw substantial falls to 2005, although approaching the recession, GVA for fashion and textile manufacturers in London exhibited slight growth.

More specifically, footwear manufacture in London has seen a decline in value (and quite substantially when comparing to its market value a decade before), whilst the manufacture of textiles and textile products (which in the context of London in reference to table 1 is focussed around apparel production), had witnessed two years of growth to 2007.

Whilst figures are not yet available for 2008 and 2009 at a London level, it is highly likely the pattern will be in line with the wider UK manufacturing base witnessing declines as consumer spending retreats. However, London's focus on high value apparel manufacture may lead to greater resilience as indicated by figures recorded in a number of news reports concerning high end fashion sales.¹⁴

Figure 5: GVA of the London fashion and textiles manufacturing base



Source: Office for National Statistics regional GVA figures for London based on Groups DB and DC.

¹⁴ An indication of this is given in the various news reports highlighting sales in luxury women's goods

http://women.timesonline.co.uk/tol/life_and_style/women/the_way_we_live/article6853913.ec
e Burberry sales <http://www.guardian.co.uk/business/2009/oct/14/burberrygroup-londonfashionweek> & demand for suits from Savile Row Bespoke
<http://www.washingtontimes.com/news/2009/sep/28/pricey-savile-row-tailors-survive-tough-times/?page=1>

Recent Fashion and Textiles sub-sectoral performance in London

Using the ABI¹⁵, it can be seen that both business and employment in the London fashion and textiles sector have declined very gradually in the three years to 2008. This offers possible evidence that much of the manufacturing that has seen steep declines in both GVA and employment has abated.¹⁶ Messages from this data for London over the three year period include:

- Manufacturing businesses and employment whilst declining slightly are seeing a definite movement to larger working places indicating consolidation within the sector.
- Employment within agent and wholesale activities have likewise seen a movement to larger sized workplaces. Employment numbers have also steadily increased during this period.
- Within the service elements, both shoe repair and the laundry and dry-cleaning sub-sectors witnessed employment falls during the three year period.

Table 3: Employment by broad industrial sector

	Businesses		Employment	
	2006	2008	2006	2008
Manufacturing	1,950	1,770	9,090	8,470
Agents and wholesaling	3,220	3,080	14,520	15,360
Shoe repair	170	130	380	260
Laundry and dry-cleaning	1,140	980	9,060	7,470

Source: ABI 2006 & 2007. Rounded to the nearest 10. Manufacturing based on SIC17-19, Agents and Wholesale 5116, 5124, 5141 & 5142)

¹⁵ The Annual Business Inquiry figures exclude the self-employed workforce. Therefore are not comparable to the overall TBR numbers

¹⁶ Information from Evans and Smith (2007) indicates that employment within clothing manufacturing sector in London had declined by 49% between 1998 and 2002 whilst Working Futures III data shows how the sector overall lost 39,000 jobs between 1987 and 2007.

Analysing sector performance by the four fashion and textile subsector boards that ABI data allows reporting on the following patterns within London's fashion and textiles sector can be seen as:

Apparel and sewn products:

- Employment within the apparel and sewn products board increased marginally between 2006 and 2008. This was accompanied by a decline in business numbers which again potentially indicates consolidation within the sector.

Textiles:

- Both businesses and employment within textiles increased between 2006 and 2008. Employment levels particularly saw substantial increases.

Footwear and Leather:

- Footwear and leather employment declined in number between 2006 and 2008. However business numbers increased, signifying the continued movement to niche and high value manufacturing, particularly within footwear.

Laundry and dry-cleaning:

- As reported by broad industry grouping on page 16.

Table 4: Analysis by sub-sector board

	Businesses		Employment	
	2006	2008	2006	2008
Apparel & Sewn Products	3,750	3,430	17,060	17,400
Textiles	1,140	1,170	4,840	5,300
Footwear and leather	370	380	2,090	1,380
Laundry and dry-cleaning	1,140	980	9,060	7,470

Source: ABI 2006 & ABI 2008 (rounded to the nearest 10)

The impact of the current economic climate

The fashion and textiles sector is largely reliant on consumer discretionary spending and is therefore sensitive to the economic climate. Due to this, London has seen sluggish performance during the recession. This is in-line with the national picture¹⁷ and is in spite of the continued strength of export sales. Various indicators available for London reflect this.

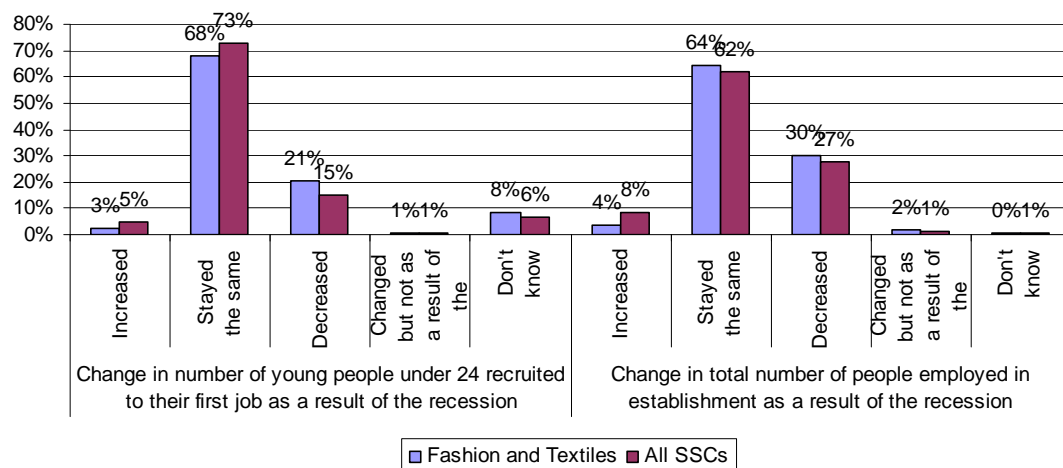
Data from the NESS offers a clear picture as to the impact of the recession on employment levels. Responses illustrate how employers in the fashion and textiles sector in London believe they been impacted by recessionary pressures far more than the wider economy in the capital has been.

The impact on youth employment in fashion and textiles has been marked. Over a fifth of employers within London's fashion and textiles sector had seen a decrease in the number of under 24s being recruited for their first job. This is compared to 15% of employers within the wider London economy.

The NESS data also points to the recession impacting employment levels substantially. 30% of employers within the Fashion and Textiles sector in London have reduced staffing levels as a direct result of these economic pressures with only 4% reporting any increases in staffing levels in the same period.

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Figure 6: Staff recruitment issues in London



Source: NESS 2009

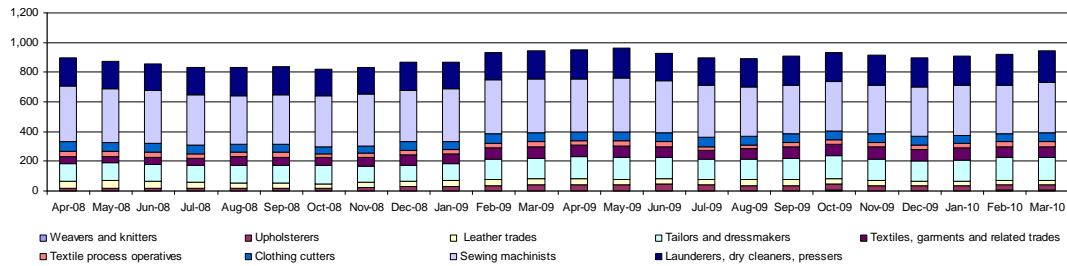
¹⁷ Skillset (2010) *Fashion and Textiles Strategic Skills Assessment*

The economic climate has also seen a large number of people claiming unemployment benefit whilst stating they are looking for fashion and textiles employment (claimant by sought occupation). In London this has been a persistent issue illustrated in figure 7 since the rises began in October 2008.

March 2010's claimant figures have seen the count remain over 10% higher than what was recorded in January 2009 when the recessionary impact first began to impact sectoral employment. This though was below the peak numbers recorded in the spring of 2009.

Three job roles which are most in demand by employers seeking skilled workers are sewing machinists, textiles garments and skilled trade workers and tailors and dressmakers.

Figure 7: Unemployment benefit claimants by sought occupation



Source: Department for Work and Pensions via NOMIS

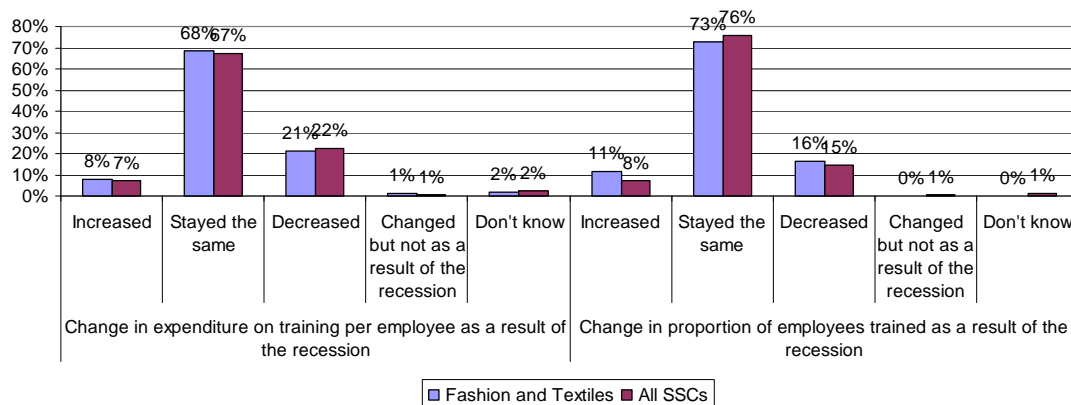
Impact of the recession on training levels

The impact of the recession has seen expenditure on training decline with a net fall of 13% in fashion and textiles compared to businesses in the wider London economy of 15%. However, fashion and textiles employers are historically less inclined to train than counterparts in other sectors with training spend significantly below the all sector average.

This is reflected in the latest NESS data that indicates only 38% of fashion and textiles employers in London had funded or arranged either on or off-the-job over the past 12 months compared to 67% of employers in the wider London economy.

However, in figure 8, 11% of employers had increased the proportion of staff they had trained as a result of the recession although again, training levels had on the whole stayed the same indicating the small amounts of training employers participate in.

Figure 8: Expenditure on training investment by employers



Source: NESS 2009

Drivers of skills demand

As identified at a UK level through consultation with the sector¹⁸, and pertinent to employers within London, a number of key drivers have been identified that impact the skills needs of the fashion and textiles sector. These drivers have been identified as:

- globalisation
- the growth of fast fashion
- the movement to satisfy technical markets
- the British style
- adaptation to changing technology
- the impact of migration
- the image of the sector
- the sustainability agenda

Globalisation

Globalisation is the overarching driver of skills demand within the sector and explains how the manufacturing base has changed over recent years. Driven by legislative changes (such as the abolition of the Agreement on Textiles and Clothing in 2005), advances in communications and lower transportation costs, this has allowed labour intensive industries such as clothing and textile manufacture to take advantage of this climate to outsource production and reduce costs.¹⁹ Indeed, research by the UKCES has indicated key operative occupations within the sector such as sewing machinists had seen the largest declines in employment numbers in the UK in the past decade.²⁰

The result of globalisation has been structural change in business practices that has opened up both the UK and London's manufacturing base to global competition and

¹⁸ Skillset (2010) *Fashion and Textiles Strategic Skill Assessment* drawing on the findings of the 2005 Skillfast-UK Sector Skills Assessment

¹⁹ Please Bottini N, Ernst, C and Luebker M (2008) *Economic and labour market paper/ Offshoring and the labour market: What are the issues?* International Labour Office, Employment Analysis and Research Unit, Economic and Labour Market Analysis Department

²⁰ UKCES (2010) *National Strategic Skills Audit*

has seen a transformation in the way sector firms operate. This has presented opportunities for firms looking towards niche manufacturing, balanced supply sourcing or outsourcing operations in order to gain competitive advantage in the global market place.

To this extent David Rigby Associates offered the following analysis of which sectors of the UK fashion and textile markets were most likely to be winners and losers within this environment.

Within the grid developed, the designer fashion sector was marked out as one with great potential to improve its market position whilst labour intensive cost-sensitive manufacturing are seen as less able to improve their position. London's large designer fashion economy and already small niche manufacturers indicate that manufacturers and wholesalers within the capital should be well placed to manage this change.

Table 5: The fashion and textile sector's current position and ability to improve market conditions

		Ability to improve market position		
		Low	Medium	High
Current Market Position	Strong		<ul style="list-style-type: none"> • Branded outdoor performance clothing • Technical textiles, finished products 	
	Average	<ul style="list-style-type: none"> • Carpets • Wool system fabrics • Fabrics - Linen, silk, etc • Apparel lace • Merchant converting • Knitted fabrics • Wool/early processing 	<ul style="list-style-type: none"> • Branded fashion; bespoke products • Home furnishings • Technical textiles fabrics • Speciality leathers • Importing and wholesaling • Corporate wear • Work wear and protective clothing • Leather-goods 	<ul style="list-style-type: none"> • Designer apparel • Speciality MMF • Smart garments
	Poor	<ul style="list-style-type: none"> • Chain store own-label • Household textiles • Regular MMF • Yarn spinning • Cotton system woven fabrics • Commodity leather • Dyeing and finishing • Printing • Technical consumer goods 		

Source: David Rigby Associates 2005

Strategies adopted

Linked to this backdrop, within their assessment of London's apparel sector Evans and Smith²¹ have identified a number of different strategies fashion and textile firms in London to remain competitive. These strategies have included:

- a.) Ceasing production in London altogether and moving into import/export and/or wholesale, shifting from productive to merchant activities.
- b.) To reposition themselves at the behest of fashion buyers into short production-run, quick response units as retailers "test" the market with and/or to supplement stocks levels when required.
- c.) Subcontracting production to firms abroad in the both Europe and Asia. This strategy involves the firm continuing the design and some CMT activities within London, but outsourcing the other aspects of the production process.
- d.) Developing higher-value design led clothing production. By doing this firms have been developing in-house design capacity to be able to produce, higher-value, quality clothing and to move away from "market-world production."
- e.) Spreading the risk across a range of activities by engaging in multiple activities and diversifying their product offering.

The 2004 fashion and textiles employer survey found that within London, many of these behaviours were already being adopted. 40% of manufacturing and wholesaling firms were found to source components or products from overseas suppliers. 18% sourced products from overseas factories owned by the companies.

Table 6: Sourcing behaviours of manufacturing and wholesale employers within London

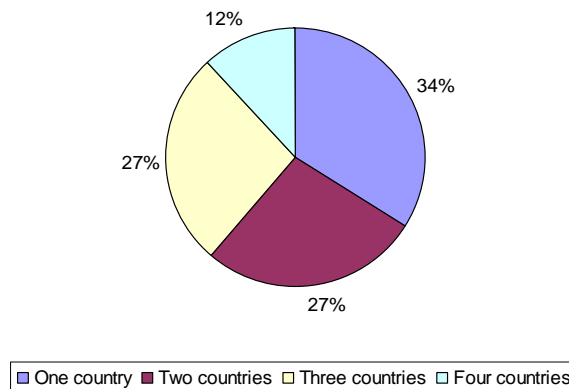
	London	UK
Source components or products from overseas suppliers/partners	40%	38%
Source products from overseas factories owned by the companies	18%	15%

Source: Skillfast-UK fashion and textiles survey 2004 (weighted base)

²¹ Evans, Y & Smith (2006), *Surviving at the Margins? De-industrialisation, the creative industries, and upgrading in London's garment sector*

These findings are given an extra dimension by Karra's recent study which found of the 51 fashion companies sampled; as many as four different countries were being used to outsource work to within their production supply chain.

Figure 9: Companies involved in the production supply chain for designer fashion

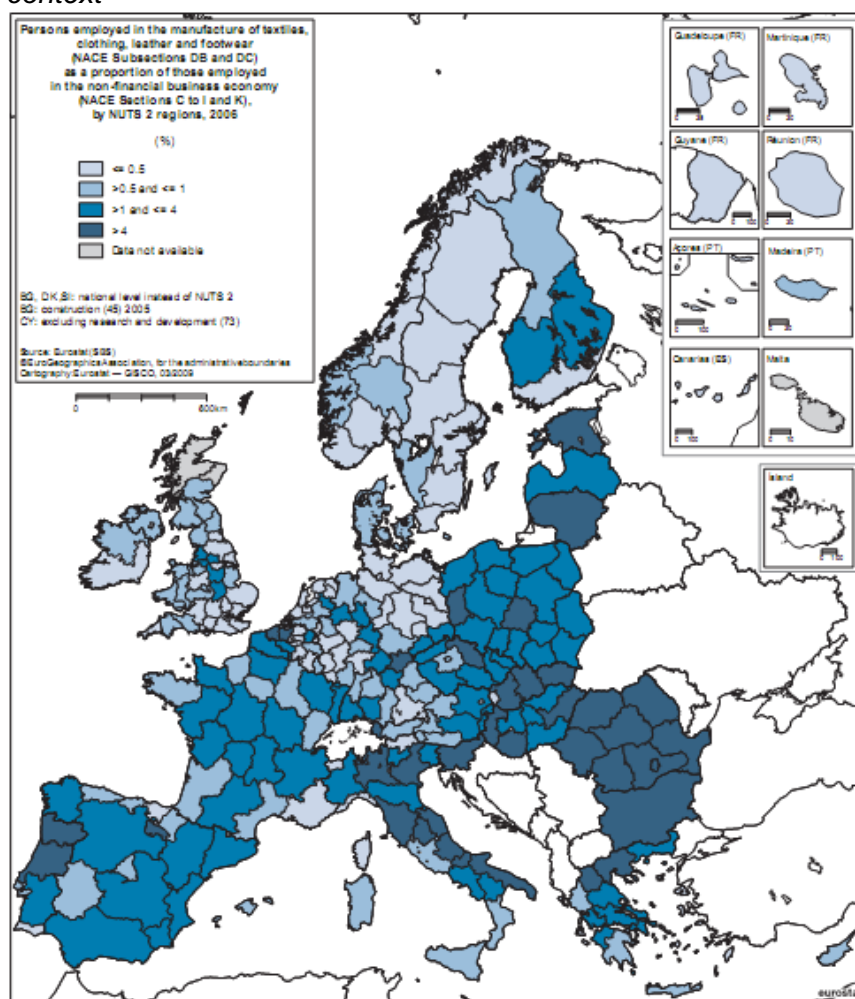


Source: Karra, N (2008) based on 51 fashion companies

These strategies adopted by fashion and textile firms are reflected by the map in figure 10. Illustrating that whilst London's fashion and textiles manufacturing base employs a high proportion of people when compared to other UK regions, the map indicates how textiles, clothing and leather manufacture now predominantly occurs within the successor states of the European Union. These countries with a combination of a low cost base and proximity to service European markets have made them attractive centres for production.

Of the Western European countries, Italy, where global demand for Italian produced goods remains high and Portugal which was one of the original beneficiaries of the first wave of fashion and textiles manufacturing outsourcing in the 1980's are still proportionally high employers.

Figure 10: London fashion and textiles manufacturing employment within a European context



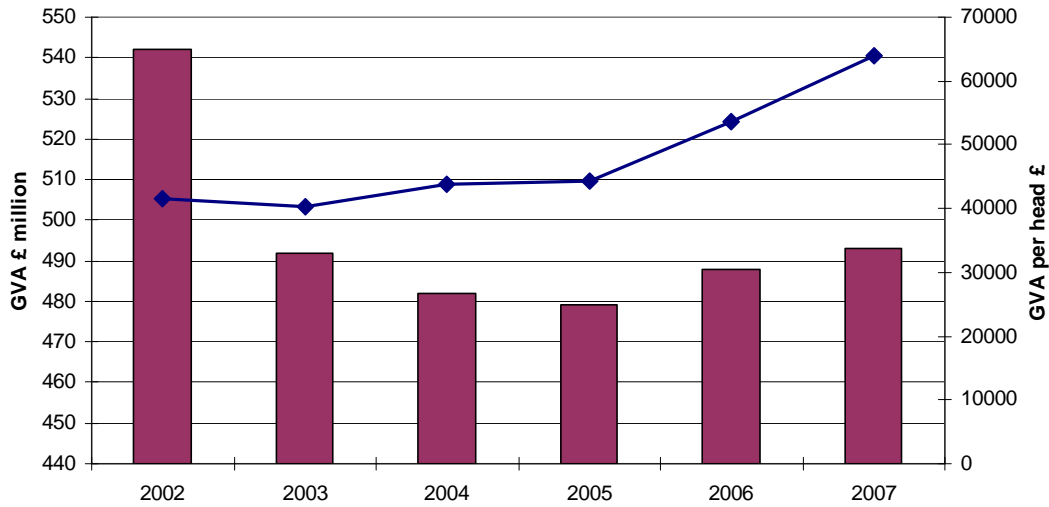
Source: Eurostat Business Review 2008 (Based on SIC17-19)

Increases in GVA per head

The pursuance of these strategies by fashion and textile manufacturers in London is illustrated in the GVA per head figures for the sector and demonstrates the dual impact of lower value manufacturing being outsourced and how the manufacturers that have remained, have responded by maintaining or switching to higher value production.

The GVA per head figures in figure 11 for fashion and textiles manufacturers in London show that after years of steady GVA per head levels, by 2007, this level had increased to over £60,000.

Figure 11: GVA and GVA per head within London's fashion and textiles manufacturing base



Source: ONS regional GVA figures and ABI (n.b. 2006 saw a new way of calculating ABI data and thus leading to discontinuity issues with employment estimates. GVA per head figures between 2005 and 2006 are therefore not directly comparable.)

Table 7: Product quality scale of London fashion and textile manufacturers

Further underlying the importance in developing niche and high value production to successfully compete and differentiate, 62% of London fashion and textiles manufacturing employers rated their products at the premium end of the market (4 or 5 rating).

Where establishment places itself on quality of products scale	%
1 - Standard or basic	7%
2	6%
3	24%
4	17%
5 - Premium quality	45%
Don't know	3%

Source: NESS 2009 based on SIC 2003 17-19

The growth of fast fashion

The rise of fast fashion to satisfy changing consumer tastes has put increasing pressures on companies to supply their retail markets quickly and cost efficiently, ensuring the latest fashions are supplied to retail.

Recent estimates have seen fast fashion chains growing at a faster rate than the wider sector. Within a European environment, fast fashion chains had pre-recession expanded their sales and profits by 20%, and in the UK accounting for between 5-10% of the clothing market and operating to higher profit margins.²²

Fast fashion has been seen to replace the traditional “designer-push” model, in which a designer dictates what is seen to be in, with a “pull” approach in which retailers respond to shifts in market demand within a few weeks rather than a few months.²³

Fast fashion using the “pull” approach can be seen to be divided amongst two dichotomies:

Firstly, and one that is increasingly being used within a London context is fast fashion seen as garments produced in countries where labour costs are low and sold on short production runs. This form of fast fashion relies heavily on speedy and agile supply chains, the instinct of designers in predicting consumer demands in the coming months. Examples of this type of trading are firms such as New Look; who recently moved a lot of its design function to London and have been successful in expanding market share based on a model of in-house design, with runs that see products totally change on an eight to ten week cycle.²⁴

Secondly, there is the model employed by manufacturers\retailers such as Zara, where production is outsourced to smaller sub-contractors but keeping the manufacture in proximity to the core markets. Whilst at the price of labour costs, fast fashion retailers adopting this strategy aim to service and therefore react to changes in consumer demands quality whilst and also reducing logistics costs and production

²² Sull, D and Turconi, S *Fast Fashion Lessons* Business Strategy Review Summer 2008

²³ Sull, D and Turconi, S *Fast Fashion Lessons* Business Strategy Review Summer 2008

²⁴ http://www.fashionunited.co.uk/News/Leads/New_Look_is_looking_up_201006028579/

lead times.²⁵ This strategy is also closely linked to lean manufacturing as firms, especially during the recession, have increasingly looked to running low inventory stocks to ensure against changing market trends.

Both of these fast fashion processes have greatly impacted the role of design, to ensure products are suited to the fashions developed that season, whilst efficient supply chain and product management has become increasingly important.

Rising importance of technical markets

With many manufacturers now being priced out of traditional textile and clothing markets by the opening up of competition and global market forces, manufacturers are now looking to innovate, particularly within technical markets to gain a competitive advantage and create new market opportunities. Annex 3 highlights the various markets and key drivers served by textile manufacture.

Research highlights how firms involved in the technical textile market are following one of or a combination of a number of four key strategies, all of which closely link to Evans and Smith's hypothesis for clothing manufacturers. These are:²⁶

- i. a decision to pull-out of volume markets and concentrate on niche products, often through the development of new products
- ii. linked to this is the move out of the garment sector entirely
- iii. the pursuit of increased manufacturing volume but with manufacturing carried out in India and the Far East
- iv. improving efficiency of existing production through taking cost out of the business.

Whilst fashion apparel manufacture is predominant in London, technical markets are also of importance. The 2004 Fashion and Textiles survey highlighted how 20% of textile manufacturers in London serve a technical market in comparison to 28% for

²⁵ Hau Lee, 2006 in Allwood, J, Laursen, SE, de Rodriguez, CM, Bocken, N (2006) *Well Dressed? The present and future sustainability of clothing and textiles in the United Kingdom.*

²⁶ Department for Trade and Industry (2007), *Multi-sector skills study: Technical Textiles*

the UK as a whole²⁷ with companies developing niches within smart clothing manufacture and are becoming established within the sector.²⁸ Evidence also points to Universities within London increasing research levels concerning technical markets.

The British style

There is a distinctive “British style” which is recognised in world markets and adds generally to the attraction of goods designed and produced by London based fashion and textiles companies. Examples of this include the bespoke tailors of Savile Row the shirt and shoe makers of Jermyn Street, to designers such as Marios Shwab²⁹, retailers, own label producers such as Ted Baker, to own and multi-label stockists such as Debenhams.

Demand for this British style is best reflected in figures provided by the DCMS showing sizable growth for the designer fashion sector within the UK and illustrated in Annex 6.

DCMS report that between 1997 and 2006, GVA for designer fashion grew from £280m to £450m, businesses from 1,400 to 2,800 and employment from 80,700 to 130,700 as firms have been increasingly successful in finding a successful niche in the market, both in domestic and export markets based on high quality British styled goods.³⁰ Freeman’s own analysis of the designer fashion sector puts the number employed at 17,000³¹.

The importance of London to this British style is also demonstrated by figures collected from London Fashion Week³² in which the 2007 show collected £24 million in editorial media coverage, orders worth £40 million and business worth over £100 million.

²⁷ Skillfast-UK (2004), *Key findings: London, survey of apparel, footwear, textiles and related businesses*

²⁸ For an example please see www.cutecircuit.com

²⁹ <http://www.vogue.co.uk/biographies/090324-marios-schwab.aspx>

³⁰ Please see Annex [x]

³¹ Freeman, A (2009) *London’s creative workforce: 2009 update* Working Paper 40, GLA Economics

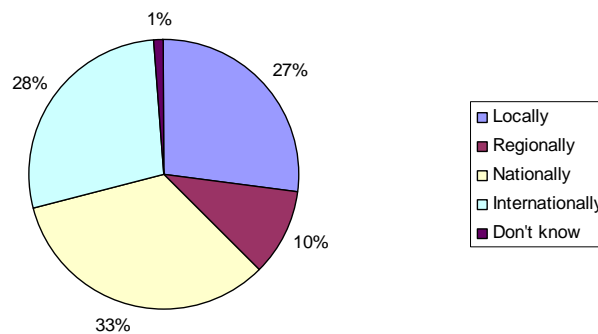
³² http://www.londonfashionweek.co.uk/news_details.aspx?ID=86

Export market

Linked to this British style is how export markets are becoming increasingly important to the UK fashion and textiles sector, as demand for British produced goods and services becomes a major emphasis for company operations in London.

Recent NESS 2009 data shows how the scope of markets for London's fashion and textiles manufacturers has a substantial emphasis on export markets. Over a quarter of London fashion and textiles manufacturers sell goods primarily intended for international markets.

Figure 12: Primary geographical location for goods produced



Source: NESS 2009 based on SIC 2003 17-19

The recent Mayoral Economic Development Strategy for London (May 2010) reinforced and recognised the role of exports as a growth sector and with it noted the recent creation of the London Export Promotion Program that is focused at SME's. The program is designed to bring together organisations such as UKTI³³ and the LDA³⁴ in aiding designers, manufacturers and wholesales find opportunities and to sell to overseas markets by promoting trade missions and expanding the provision of specialist export advice. This is also emphasised by the growing role of industry bodies such as the UKFT³⁵ and recent initiatives to boost manufacture and export sales.

³³ <https://www.uktradeinvest.gov.uk>

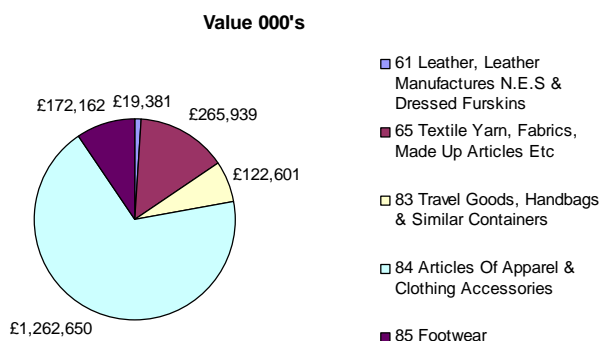
³⁴ 'Taking London to the World' Mayor of London, LDA, UKTI 2009 in *The Mayors Economic Development Strategy* May 2010

³⁵ <http://ukft.org>

The strength of exports from London is highlighted by the trade data collected by HMRC which records the value of selected fashion and textiles goods exported from London totalled over £1.8 billion for the year in 2009.

Figure 13: London fashion and textile exports

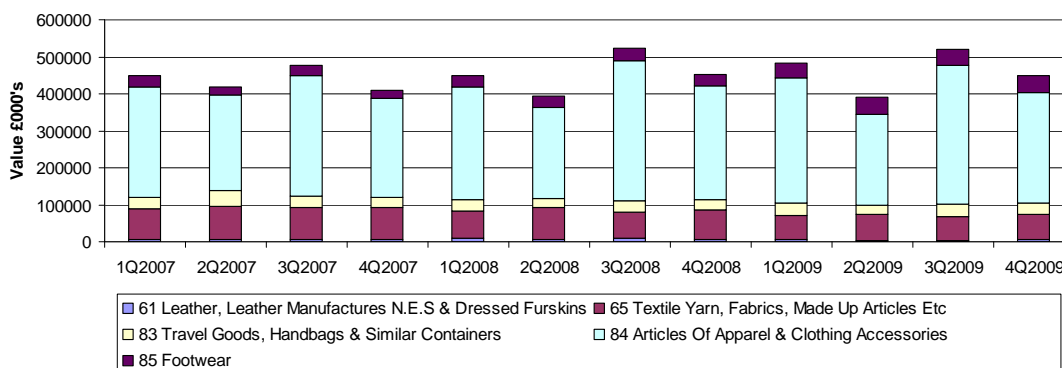
Reporting these export figures on an annual basis and indicating London's prominence as a clothing producer and wholesaler, exports of apparel and apparel accessories from the capital totalled over £1.2 billion in 2009 and



accounted for 73% of fashion and textile exports from the capital. Textiles contributed £265 million with leather goods a further £172 million. Footwear exports were worth £19 million in value during 2009.

Presented on a quarterly basis in figure 14, the export figures show that despite the pressures facing the sector domestically, export markets have remained buoyant. Indeed, quarters 3 and 4 2009 performed better for export value than their respective quarterly levels in 2007.

Figure 14: Value of exports originating from London per quarter



Source: HMRC³⁶

³⁶ Accessed from <http://customs.hmrc.gov.uk>

Table 8: Apparel exports by country³⁷

Country	Value £'000s	% market share
Irish Republic	194,356	15%
Italy	144,121	11%
Germany	140,654	11%
France	92,532	7%
Greece	61,898	5%
USA inc Puerto Rico	60,668	5%
Spain	47,225	4%
UAE	46,957	4%
Turkey	46,205	4%
Czech Republic	41,825	3%
Netherlands	38,390	3%
Russia	35,231	3%
Hong Kong	31,784	3%
Cyprus	19,776	2%
Switzerland	19,376	2%
Japan	18,318	1%
Singapore	15,834	1%
Denmark	15,045	1%
Austria	13,833	1%
Belgium	12,927	1%
Others	165,695	13%
Total	126,2650	100%
Source: HMRC		

The markets London's apparel wholesalers and producers work within is illustrated in table 8, demonstrating how exports originating from London are mostly destined for European Union countries markets.

However, sizable overseas markets are also found in countries including the United States, the United Arab Emirates, Turkey, Russia, Hong Kong, Switzerland, Japan and Singapore.

These non-EU countries represent both existing mature markets and emerging markets with increasing consumer purchasing power where British produced goods are seen as desirable to own. Recent

indications from the UKTI indicate that Europe, Russia and Japan are markets of immediate interest and are borne out by these trade statistics.³⁸

Adaption to changing technology

The competitiveness of the sector partly relies on the ability of companies to harness continually emerging technologies in a whole host of areas including computer-aided design, materials technologies, processing technologies and lifecycle management.

Drawing on the 2005 UK Fashion and Textiles SNA (Skillfast-UK 2005) notes how the application of technology has major implications for the sector's skills

³⁷ HMRC based on SITC84

³⁸ https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/sectors?_nfls=false&_nfpb=true&_pageLabel=SectorType1&navigationPagelD=/clothing

requirements. For instance, key applications, the sector had become reliant on include:

- computer aided design and computer controlled machinery
- production and resource planning
- labour saving textile production technologies such as 3D knitting
- supply chain management and industrial sales (including the use of EDI by larger manufacturers and traders to manage relationships with retail customers)
- virtual networking and collaboration in the areas of production development, engineering and design
- the development of innovative materials such as new generation of non-woven fabrics, new fibres and technical textiles.

Online retailing

Increasingly linked to technological advances, there has been a definite trend within the fashion and textiles sector to utilise direct on-line sales and e-commerce with fashion and textiles firm increasingly selling their goods independently from source.

Manufacturers are also beginning to for-go traditional partnerships with retailers and are now beginning to see a trend towards on-line fashion and textiles sales as a key driver for their businesses. Commonly, this strategy involves manufacturers promoting their own branded and signature clothing lines and employing in-house designers rather than producing at the behest of retailers.

Migration

London's fashion and textiles sector particularly has been greatly affected by the significant influx of migrant labour. The APS points to 23% of the London fashion and textiles workforce being non-UK nationals in comparison to 14% for the wider UK fashion and textiles workforce.³⁹ What this demographic has meant for firms in London, has been improved access to skilled labour.

³⁹ APS 2008

Whilst employers were able to take advantage of this boon in skilled labour and were initially looking for help culturally adapting the workforce, with the recent recession and the loss of many migrant workers back to their home nations⁴⁰, a key challenge for the sector will be ensuring there are enough skilled people available to ensure the sector can continue to compete and innovate.

This shift in priorities has been confirmed by the recent Fashion and Textiles employer survey and illustrated in figure 24. Whilst employers in London highlighted that help with recruiting and training Eastern European workers was important but not a priority (although greater than the UK as a whole), skills shortages in important areas of their businesses persist.

Image of the sector

The fashion and textiles sector is one that has suffered greatly from negative connotations concerning many other fundamental job roles within the sector.

This issue has important implications for the future labour supply to the sector, in view of the ageing workforce as pointed to in the demographics of the sector; and replacement demand requirements highlighted in section three.

The 2004 Skillfast-UK employer survey found that within London, 35% of employers found the sector as not at all attractive and 21% seeing it as not very attractive to young people leaving full-time education. This compares to only 38% who saw the sector as being quite or very attractive.⁴¹

Additionally, a survey of 14-19 year olds conducted by Skillfast-UK⁴² found that fashion and textiles was ranked ninth out of a selection of ten industry sectors in terms of its attractiveness as a career option.

⁴⁰ Skillset analysis of LFS data during 2009 at a UK level has shown a marked decrease in non-UK national employment within the fashion and textiles sector.

⁴¹ Skillfast-UK (2004), *Key findings: London, survey of apparel, footwear, textiles and related businesses*

⁴² Skillfast-UK (2009) *Generation F*

Whilst sectors that have either a high profile or visible career routes such as media, health and retail were top ranking sectors, barely a quarter of all respondents considered the UK fashion and textiles sector an attractive one to work in.

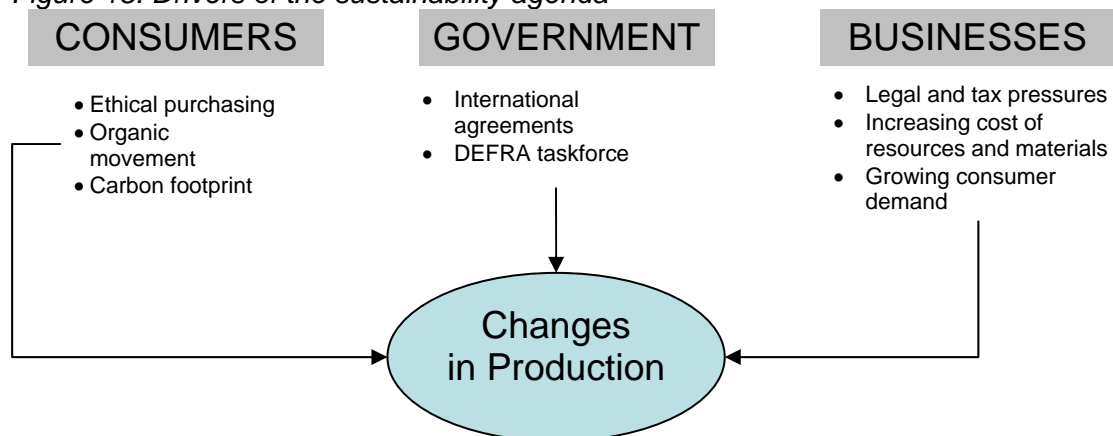
Whilst as we have seen London is home to a number of higher level professional occupations within the fashion and textiles sector, a key finding of this research was that the perception of the sector is affected greatly by the awareness of job roles available with respondents aware of the roles of fashion designers and buyers with over half claiming to know something about their function.

However, key occupations that are expected to contribute to the continued success and future strength of the sector all suffer from a lack of awareness as to what these roles entail. Occupations such as fashion production managers that is responsible for ensuring the quality of production across the supply chains, and the technical occupations increasingly important to the sector.

The sustainability agenda

One major skills driver that has increased in prominence since the publication of the Skillfast-UK SNA in 2005 has been the importance of the sustainability agenda shaping company behaviour, highlighted by the diagram below:

Figure 15: Drivers of the sustainability agenda



Source: Skillset

Allwood et al (2006)⁴³ identified four areas where major environmental issues associated with the sector are and listed as impacting both the sector and firm behaviour. These include:⁴⁴

- energy use in laundry, production of primary materials especially manmade fibres and in yarn manufacturing of natural fibres
- use of toxic chemicals which may harm human health and the environment – in particular the conventional cotton production
- release of the chemicals in water waste – especially in wet pre-treatment, dyeing, finishing and laundry – which may harm water based life
- solid waste arising from yarn manufacturing of natural fibres, making up and disposal of products at the end of their life

Looking specifically at company sourcing and production behaviour, recent research conducted by Skillfast-UK (2009b) has highlighted four main drivers on company behaviour as the fashion and textiles sector begins to modify its behaviour with the offerings of professional bodies, trade associations and providers were being adopted to allow firms to meet their objectives incorporated into the sustainability agenda including⁴⁵:

- Legal regulations
- Taxes
- Consumer demand
- Preparation for expected increases in energy and resource prices

Expanding into how these drivers the report identified affect the sector is explained as such:

⁴³ Allwood, J, Laursen, SE, de Rodriguez, CM, Bocken, N (2006) *Well Dressed? The present and future sustainability of clothing and textiles in the United Kingdom.*

⁴⁴ Ibid

⁴⁵ Skillfast-UK *Material Impact - a study into sustainability skills for fashion and textile,* Skillfast-UK

Legal regulations

In September 2009, DEFRA published a Sustainable Clothing Action Plan⁴⁶ which has attracted a large number of retailers and manufacturers, and encouraged companies such as Marks and Spencer to publish a 100 step sustainability plan for its textiles and clothing business.⁴⁷

EU legislation such as REACH, the IPPC and the EU biocides directive and the ETS are also pieces of legalisation that may impact areas of the sector.⁴⁸

Consumer demand

The Skillfast-UK research found that companies were keen to deliberately use the sustainability agenda as a marketing tool to differentiate their business, and stimulate consumer demand for sustainable products. Indeed, membership of organisations that differentiate their products as being sustainably produced such as the Soil Association were key drivers of behaviour.

Increasing consumer demand for ethically produced fashion and textiles products was also identified as a key driver behind firm behaviour.

Preparation for expected increases in energy and resource prices

Many firms had been successful in greatly reducing costs within their business through the introduction of cost saving measures that also impacted on sustainability.

Many firms within the Skillfast-UK study had invested in various technological solutions and working practices to ensure they could either minimise waste by optimising production techniques or supply chain activity that allowed them to reduce the running costs of their businesses. These included the better management and monitoring of their supply chains and the investment in new technology to control processes and minimise the wastage of chemicals and water.

⁴⁶<http://www.defra.gov.uk/environment/business/products/roadmaps/clothing/documents/clothing-action-plan-feb10.pdf>

⁴⁷<http://www.defra.gov.uk/environment/business/products/roadmaps/documents/ms0910-case-study.pdf>

⁴⁸http://ec.europa.eu/enterprise/sectors/textiles/environment/index_en.htm

Skills Implications

The above named drivers with the emphasis firmly on a strategy of differentiation rather than cost leadership being the optimal one for the sector leads to a number of key skills implications for the sector that are required to ensure the sectors success.

Design creativity

Many firms in the sector rely on creative design to add value to products build brands and secure a competitive advantage in world markets. To realise this creativity design excellence needs to be allied to strong technical skills/knowledge and commercial awareness. London, has a number of universities and colleges producing good designers. However, it is how this creative flair is managed that is the important issue and will be investigated further within this report.

Branding and marketing

Successful companies differentiate their offer from that of low-cost competitors through the development of strong brands. This is especially pertinent given the reliance London's fashion and textiles market has on expanding the export market. This calls for specialist skills as does the requirement to identify and exploit new product and geographic markets in order to remain one step ahead of competitors.

New product development and commercialisation of new technologies

To develop the products needed to compete in technical markets, firms in the sector need access to specialist technologists, such as textile technologists, as well as graduates across a wide range of STEM disciplines, including chemistry and engineering.

New product development also typically entails process development, creating a need for up-skilling at technician and operator level to facilitate these changes.

Whilst with its stronger emphasis on fashion, London, whilst not leading the UK in this respect as reflecting the number servicing technical markets, has access to a number of innovative technologies whilst the role of media related innovations in textiles will also be important drivers.

Ability to compete in premium and niche markets on a global level

As we have established, London's competitive advantage in this area typically relies on low-cost, small scale manufacturing of high added value and difficult to make products as demonstrated by the current scope of the market. Success in this area depends, in turn, on specialised craft skills that are typically "tacit": in that they cannot be easily documented and must be passed on through hands-on experience over a considerable period of time.

This is captured in the CFE research (2009) in which one of the key finds was that,

*"designers participating in this study noted that a higher level of manufacturing skills are available outside of the UK compared with those in the UK. This is perceived to be craft skills, technology or a combination of both. This research found no innovation or training evident in the UK that is currently addressing this gap, and manufacturers are relying on the skills already demonstrated by their employees, the majority of whom originate outside of the UK. (in countries such as Bangladesh, Poland and China where much of the manufacturing is located.)"*⁴⁹

New business start-ups

The emergence and growth of niche markets has led to a high start-up rate of businesses seeking to meet this new demand, adding to an already large micro-business population in the sector. Owner-managers require a combination of business/management skills and technical knowledge. Whilst the MAS has been set up with apparel and design as two of its key priorities⁵⁰, there is a large role for the skills system to play in helping to address these issues.

⁴⁹ Centre for Fashion Enterprise (2009) *High-End fashion manufacturing in the UK – product process and vision*

⁵⁰ Please see Annex C

Overseas sourcing

As evidenced from firm behaviour within the sector, fashion and textile sector firms' focus is increasingly on the management of overseas production, supply chains and wider quality control functions. This function requires direct experience and understanding of the production environment together with knowledge of materials/product technology.

This has been recognised within London with a number of higher education institutions now offering courses within this important area.

Cost reduction

There are some capital-intensive elements of the sector where scope lies to maximise productive efficiencies and reduce unit labour costs. This is an issue that is especially pertinent in the current financial climate when in London there are increasing pressures concerning increasing capital costs as well as rent/overheads and on a staff front. This creates a need for up-skilling and multi-skilling, particularly at operator level.

Management and leadership

As evidenced by both the qualification levels of employees within the sector and the perceived attractiveness of the sector by both employers and potential recruits, the sector performs poorly in terms of attracting its fair share of graduates into management positions. This is perpetuated as many managers lack wider experience and formal management knowledge having been promoted from within the company.

Additional factors such as issues of good designers not always making good managers and in the case of family firms, a lack of interest is shown by the next generation exacerbate the problem.

This is a key problem when strong leadership is required in a time of rapid change and when there is a need to maximise the contribution of workers. Within this

context, the need for management and leadership training and the role of the Skills Utilisation agenda and maximising employee performance is of utmost importance.

Ageing workforce

Although London's age demographics are different from the rest of the UK fashion and textiles sector in not suffering from the same acute issues of an ageing workforce, a large number of the workforce are currently aged over 45 with a high proportion of workers in key technical roles nearing retirement.

From the skills information further into the report, the requisite technical skills are in short supply as a result of a long-term decline in apprenticeships and other development mechanisms within the sector. Moreover, the negative image of the sector restricts employers in their efforts to bring in new recruits to fill core technical roles.

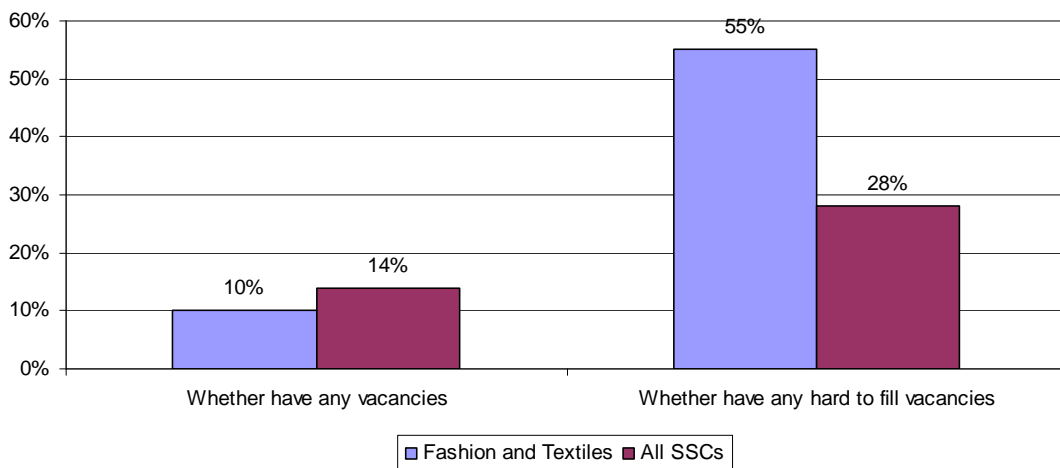
Current skills needs

Vacancies

10% of fashion and textiles employers in London reported a vacancy at the time of the NESS 2009 survey being published. This was lower than the average amongst the wider London employers.

However, 55% of employers with a vacancy expressed that these were hard-to-fill. This was more than double the rate recorded in all sectors in the capital. This demonstrates that employers within the fashion and textiles sector struggle to find recruits with both the right aptitude and the right level of skills available, whilst also indicating the specialist technical nature of job roles.

Figure 16: Vacancies and the proportion of vacancies that are hard to fill vacancies within the London Fashion and Textiles sector



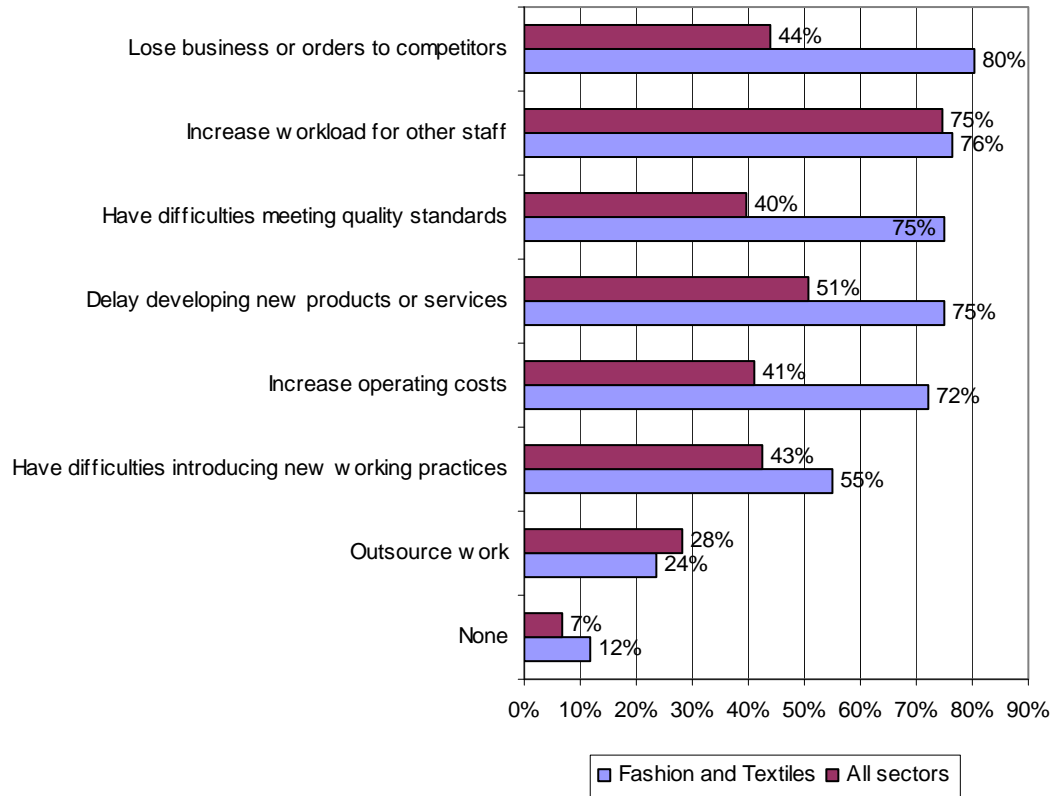
Source: NESS 2009

The impact of hard to fill vacancies

The impact of hard to fill vacancies for fashion and textiles employers in the capital is far more pertinent than for employers recorded at an all London level. Responses by employers found four in five reporting hard to fill vacancies as meaning they lose business or orders to competitors, whilst three quarters see issues with meeting quality standards, delays in developing new products and services and increases in operating costs.

Given the skills required within the fashion and textiles sector and the competitive climate employer's work within, the existence of these hard-to-fill vacancies have far reaching consequences.

Figure 17: Impact of hard to fill vacancies



Source: NESS 2009

Skills Shortages

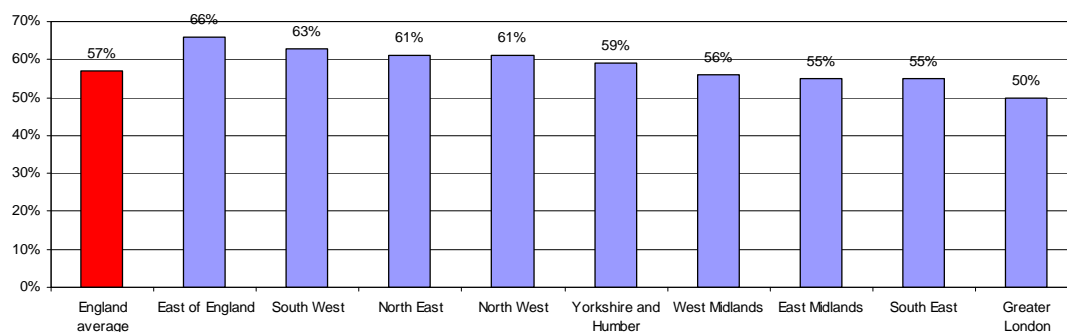
Skill shortage vacancies arise when an employer is unable to recruit (enough) employees with skills appropriate for the job. Skills shortage vacancies include incidents where applicants lack the skills, qualifications or experience to carry out the job.

The 2008 Fashion and Textiles survey⁵¹ asked employers in London if they were looking to recruit and whether they felt there were skills shortages for specific occupations that would make recruitment difficult.

In total, 50% of fashion and textiles employers in London recognised that they would struggle with a lack of skills available if they were looking to recruit.

With the impact of hard to fill vacancies identified as having on business performance in figure 17, this situation is a problematic one for fashion and textile employers in London.

Figure 18: Fashion and textiles skill shortages



Source: Fashion and Textiles employer survey 2008

The key findings from the 2008 Fashion and Textiles survey in London uncovered in absolute terms: (the largest number of employers reporting skills shortage issues using the weighted base)

⁵¹ Skillfast-UK (2008) Fashion and Textiles employer survey. Unpublished resource

- Employers reported sewing machinists as the occupation with the greatest level of skill shortages. 55% of those employers who employed within this position reporting skills shortages.
- The recruitment of designers was also recognised as a problem area when vacancies arise. Around a third of employers who employed someone within this occupation, reporting skills shortages if they were looking to recruit.
- Skill shortages were also reported around a number of other occupations within London. In absolute terms, these included occupations such as production management, supply chain management, garment alterations, pattern cutting and hand craft garment making.

Key messages in terms of proportional skill shortages (i.e. the proportional number of employers employing within a specific occupation who recognised a skills shortage) were that:

- Consistent with the picture exhibited on a national scale, leather trades although a small part of the sector in London, were subject to large number of employers reporting a skills shortage when looking to recruit.
- This was also the pattern with laundry maintenance with almost three-quarters of employers who employed people recognising skills shortages if looking to replace staff within this occupation.
- Other occupations in which over half of employers who employed people in these positions recognised skills shortages included handcraft garment makers, pattern cutters, textile and fabric technicians, sewing machinists, samplers shoe repair trades and production managers where employers who would be unable to find adequate replacements.

The CFE (2009) report into UK designer-manufacturer relations

Linking the findings of the Fashion and Textiles survey to wider research, the Centre for Fashion Excellence's report into comparisons with France and Germany found that there was a recognition of problems around skills emerged in the open interview questionnaires. 69% of respondents found problems finding skilled machinists.

One comment quoted in the report was that, "No new young people coming into the business, especially in the machining side...that's obviously a skill (that) is irreplaceable in this business."

Skill reported lacking from applicants

Within London, the greatest problem for fashion and textiles employers is finding applicants with the right level of technical, practical or job-specific skills. Again this illustrates the highly skilled and specialist nature of roles within the sector.

Skills critical for ensuring businesses are able to compete identified by employers include problem solving, management and numeracy skills were also of concern. However, fashion and textile employers within London were far more likely to see no particular skills difficulties than the all sector average.

Table 9: Skills reported lacking from applicants

	Fashion and Textiles	All London sectors
Technical, practical or job-specific skills	71%	60%
Problem solving skills	44%	41%
Management skills	44%	43%
Numeracy skills	44%	27%
Team working skills	37%	43%
Written communication skills	35%	36%
Customer handling skills	35%	47%
Literacy skills	35%	33%
Office admin skills	28%	27%
Oral communication skills	25%	42%
General IT user skills	19%	23%
No particular skills difficulties	13%	5%
IT professional skills	10%	20%
Foreign language skills	10%	27%
Sales/marketing/promotional/PR skills	10%	2%

Source: NESS 2009

Skills Gaps

Skills gaps occur when employers believe their staff are not fully proficient at their job.

Using the findings from the NESS 2009, 13% of employers in London reported a skills gap in comparison to the wider economy of 17%.

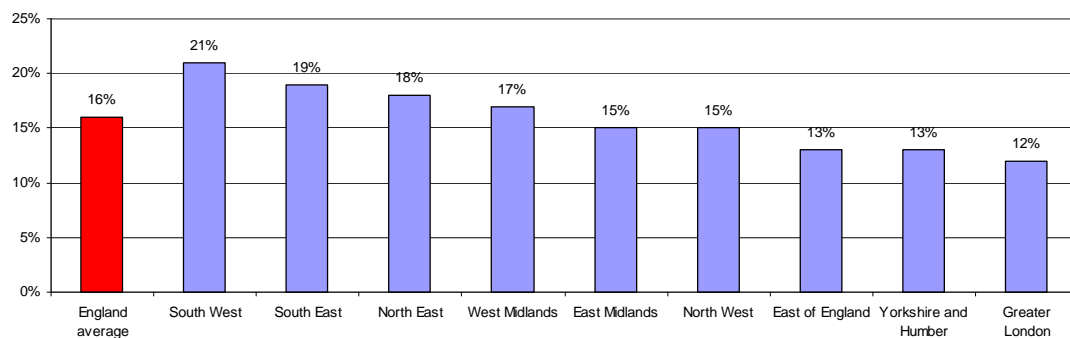
Table 10: Skills gaps

	Fashion and Textiles London	All sectors London
Have any skills gaps	13%	17%

Source: NESS 2009

This indicator tallies with the results from the 2008 Fashion and Textiles employer survey, which reported 12% of employers in London had a skills gap. As with skills shortages, employers in London, the least likely to identify a skills gap within their existing workforce. However, this still represents almost one in eight employers with an immediate skills issue.

Figure 19: Skills gaps by region



Source: Fashion and Textiles survey 2008

What the Fashion and Textiles survey found in terms of occupational analysis was:

- Whilst equating to only one in twenty employing recognised a skills gap within this occupation, in absolute terms, sewing machinists were the occupational group most likely to have a skills gap due to its large employment grouping.

- As with skills shortages, higher level skilled occupations such as designers and production managers reported skill gaps, whilst dry-cleaning operatives were also subject to a high level of gaps
- Garment alteration, pattern cutting and supply chain management occupations were also all subject to large scale proportional skill needs.

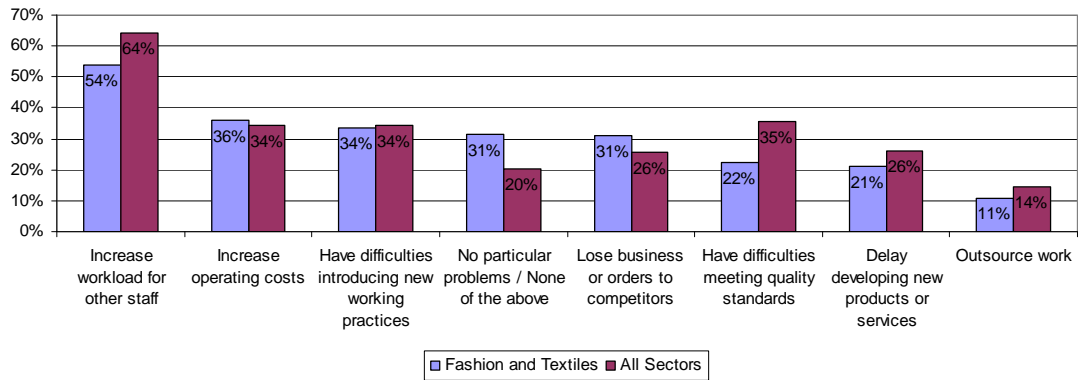
Key messages from a proportional perspective were that:

- Although niche concerns, three occupations with large proportional skill gaps were to be found in textile processing, leather technology and leather goods manufacture. Every two in five employers recognised a gap within these employees. This problem again illustrates the issues that currently exist within the leather and footwear sector.
- As already stated, a fifth of employers had skills gap within their design occupations. This was also the case within handcraft garment making.
- Garment technology, production management and pattern cutting occupations were recognised as key skills issues for employers. Over a tenth of employers who employed people within these occupations recognising there was a need.

Impact of skills gaps

NESS 2009 highlights that existing skills gaps do not have the same amount of impact than seen at an all sector level and were more likely not to cause any problems. The two areas where skills gaps did impact the businesses though were in the crucial areas of increasing operating costs and losing business orders to competitors, again emphasising the highly competitive market within fashion and textiles.

Figure 20: Impact of skills gaps



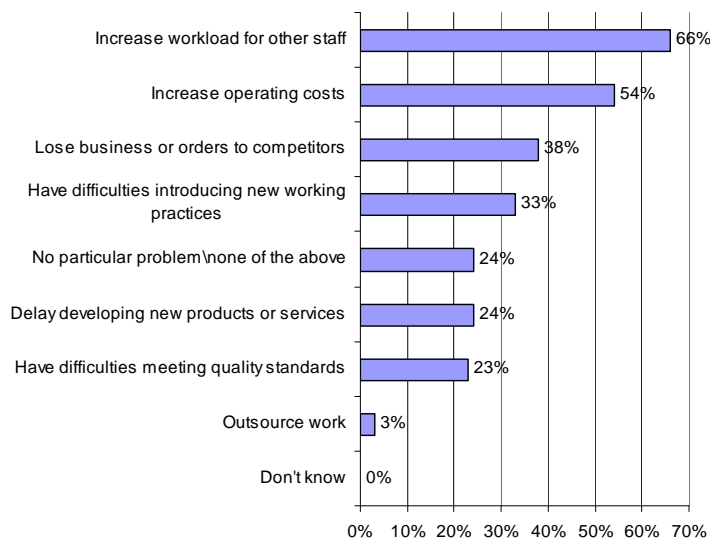
Source: NESS 2009

Impact of skills gaps within the manufacturing industries

Looking at fashion and textiles manufacturers within London specifically, 15% of employers reported a skills gap with these most prevalent within managerial and sales and customer service staff.

The impact of skills gaps on their business to increase the workload for staff, and importantly increase operating costs. Over a half of manufacturing employers reported this and was 20% greater than the all London employer figure. Given cost reduction has been identified as a key business issue; this is of up-most interest.

Figure 21: Impact of skills gaps on fashion and textiles manufacturers



Source: NESS based on SIC 17-19

The Karra study (2008) found designers felt that UK manufacturers are missing high-end skills apparent in their off-shore counterparts, particularly in Italy and France and that intervention is required to raise the quality and luxury finishing levels.⁵² In conjunction with this, the CFE study found that half of the designers interviewed for their research report produced in-house with 19% saying this was the case due to manufacturers were unable to reproduce the design because of the high level of skill required.

Training gaps

More pertinently was that the CFE study uncovered that few UK manufacturing staff have received any formal training. Only 20% of their staff were college trained. In comparison, all of the French companies had college-trained employees, as did 80% of Italian companies. These linkages were seen to possibly reflect the better links between training and employment in the sector in both France and Italy.⁵³

It also highlights a key issue in that as the sector moves towards higher value, better quality production, the emphasis in the UK and London on the manufacturing industries. Whereas designers have always been seen as graduate occupations, manufacturers have not historically relied on graduates, seeing the job skills to be learnt on the job in a non-academic environment.

⁵² Karra D (2008), *The UK Designer Fashion Economy, Value relationships-identifying barriers and creating opportunities for business growth* Centre for Fashion Enterprise commissioned for NESTA

⁵³ Centre for Fashion Enterprise (2009) *High-End fashion manufacturing in the UK – product process and vision*

Research published by the CFE (2009) highlighted the key issues high-end fashion manufactures have in relation to their equivalent industries in France and Italy, both countries where sector-wide strategies exist. The report highlighted five key areas where skills issues are hampering the sectors development.

Gaps in Skills and Training

Gaps in the workforce skills are a problem for UK manufacturers as they limit the type of work that a factory can take on, whereas French and Italian manufacturers said that their workforce was skilled and competent.

Poor product knowledge (manufacturers) and production knowledge (designers)

Many designers feel there is a need for manufacturers to show more professionalism and to have greater respect for designers and for their products. Additionally, there is a need for designers to have better knowledge of production processes.

Inconsistent product quality

UK-produced fashion is not of the consistently high quality required by the high-end sector. Dominant faults lie in basic production issues such as seam strength, demonstrating a lack of product knowledge, an inadequate level of production skills and quality control (QC) procedures that are not appropriate for the market sector.

Sampling services and other service availability

UK manufacturers are offering much narrower range of services than overseas competitors. The majority of designers find it difficult to get sampling done in the UK, so are forced to do this in-house or in overseas factories: the provision of affordable sampling services is therefore a priority.

Production gaps and limitations

The research indicates that UK manufacturers don't always have the skills or equipment to handle high-end fabrics. This contrasts with overseas manufacturers in terms of skill levels, ability to handle 'difficult' fabrics and general understanding of the distinctive characteristics of high-end designer fashion.

The role of Fashion Design

Designer fashion is critical to the London fashion and textiles economy. A recent CFE report into the high-end designer fashion sector recognised London's success as a global fashion capital lies within the design talent emerging from the UK's leading fashion colleges.⁵⁴

Demonstrating the propensity of designer fashion in London, research based on the Inter-departmental Business Register by De Propis et al (2009) demonstrates that of all the UK regions and nations, designer fashion firms are proportionally highly represented within London.⁵⁵ Only the East Midlands have a greater proportion of designer fashion firms relative to the size of the region.

With the emphasis on being able to produce innovative and high quality products, the role of the designer is key. The NESS 2009 survey shows how a large number of manufacturing firms within the capital look to lead the way in product design and is central to the message of innovation and high quality production to compete.

Table 11: Where fashion and textiles manufacturers in London place themselves on development on new products or services scale

	London
1 - Very rarely lead the way	22%
2	10%
3	19%
4	18%
5 - Often lead the way	23%

Source: NESS 2009 based on SIC 17-19

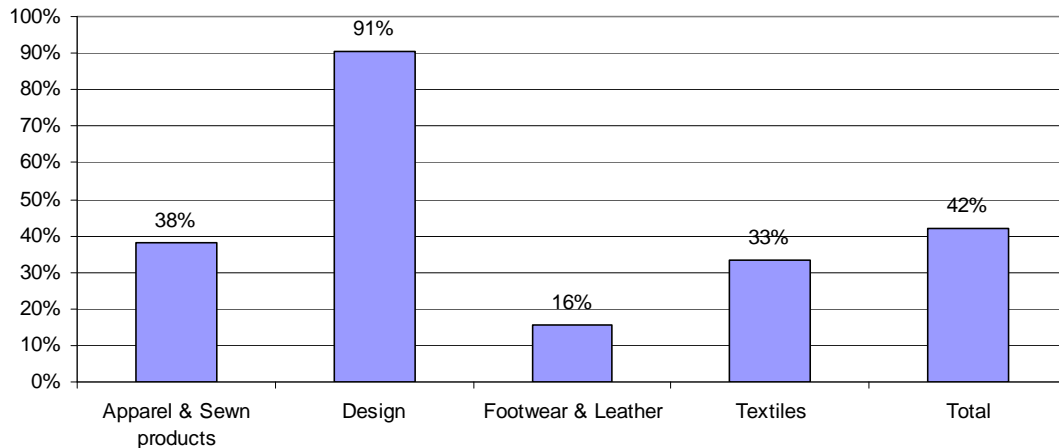
Of the employers surveyed in London for the 2008 fashion and textiles survey, 42% employed someone within a design capacity. Signifying how the design element is important in all of the productive sub-sectors of the fashion and textiles footprint, 91% of design agencies employed a designer whilst over a third of apparel and sewn products and textiles employers had a need to employ someone within a design function.

⁵⁴ Centre for Fashion Enterprise (2009) *High-End fashion manufacturing in the UK – product process and vision*

⁵⁵ Please see Annex G for further information

The large number of designers within apparel is indicative of the trend for production units to produce an in house brand/collection – i.e. not manufacturing for just other clients but to compete themselves in the market place. Many have done so successfully and manage to retain designers too for whom their skills are at a premium.

Figure 22: Employment of fashion designers by firm type

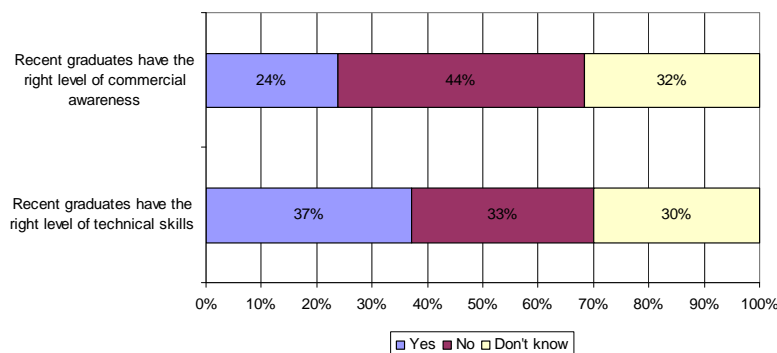


Source: Fashion and Textiles survey 2008

Technical and commercial skills of recent graduates

Given they have been identified as key skill areas, employers employing a designer were asked whether they believed that recent graduates had the right level of commercial and technical skills required by their business.

Figure 23: Technical and commercial skills of recent design graduates in London



Only 24% of firms in London employing a designer believe they have the right level of commercial awareness whilst 37% believed recent graduates had the right level of technical skills.

Source: Fashion and Textiles Employer Survey 2008

Narrative feedback suggests employers were unsure as to why these skills were not forthcoming. A lack of experience was most commonly cited, whilst the role required specialised skills and the need to learn on the job. In this respect, reference to building commercial skills was an important considerations.

The Karra study (2008), identified for high value fashion design that collaborate with the findings of the Fashion and Textiles 2008 survey that give further insight were:⁵⁶

- Designers rarely have formal strategic management or financial training, but soon find themselves in the role of Managing Director.
- Creative graduates should be taught better entrepreneurial skills, with existing educational institutions looking for opportunities to work with business schools in developing courses and collaborative research.
- The nature of fashion design makes it harder to access finance: Fashion businesses assets are intangible with copyright difficult to protect on new designs. Returns are uncertain and product innovation does not easily translate into formal business structures.
- Designers and manufacturers have mismatched expectations and don't understand each others' business operations.
- Key points of tension include: on-time delivery; quality; high cost, particularly for small orders; payment terms and their effect on designer cash flow; lack of specialist skills; lack of investment in technology; trust.

⁵⁶ Karra D (2008), *The UK Designer Fashion Economy, Value relationships-identifying barriers and creating opportunities for business growth* Centre for Fashion Enterprise commissioned for NESTA

Skills priorities

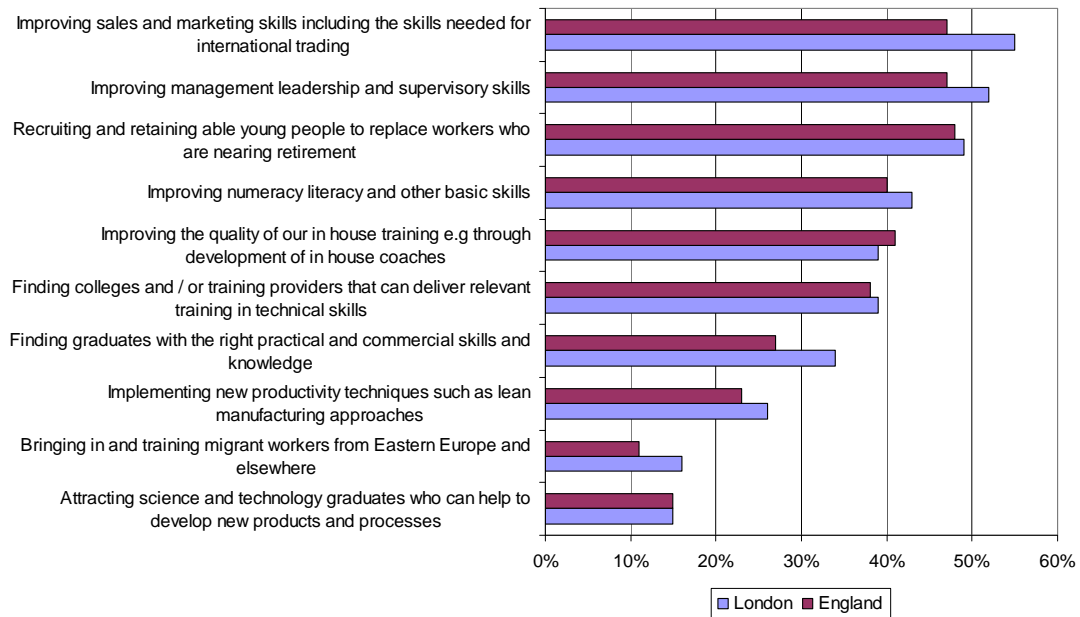
Employers in London were asked what their skills priorities were from the education and training system. Underlining the commercial needs that exist within the sector, improving sales and marketing including the skills needed for international trading were seen as the most important, with 55% of employers highlighting these as important or very important.

Indicating the range and breadth of occupations and functions within the sector, improving management, leadership and supervisory skills were all seen as high level priorities along with recruiting and retaining able young people and numeracy and literacy skills.

Demonstrating the specific skill needs of fashion and textiles employers in London and more widely reflecting London's position as a high value producer and merchandiser, a number of key differences with the wider UK picture were exhibited.

All areas apart from improving in-house training were seen as more important to employers in London. Improving sales and marketing, management and leadership and finding graduates with the right practical and technical skills were all identified as greater priorities than at a UK level.

Figure 24: Skills priorities from the education system from fashion and textiles employers in London



Source: Skillset Fashion and Textiles survey 2008. Employers answering important or very important (including don't knows)

Skills priorities by sub-sector

Whilst reported from a low base and illustrating how skills priorities change by sub-sector board, there is a clear understanding in London of what employers are looking for.

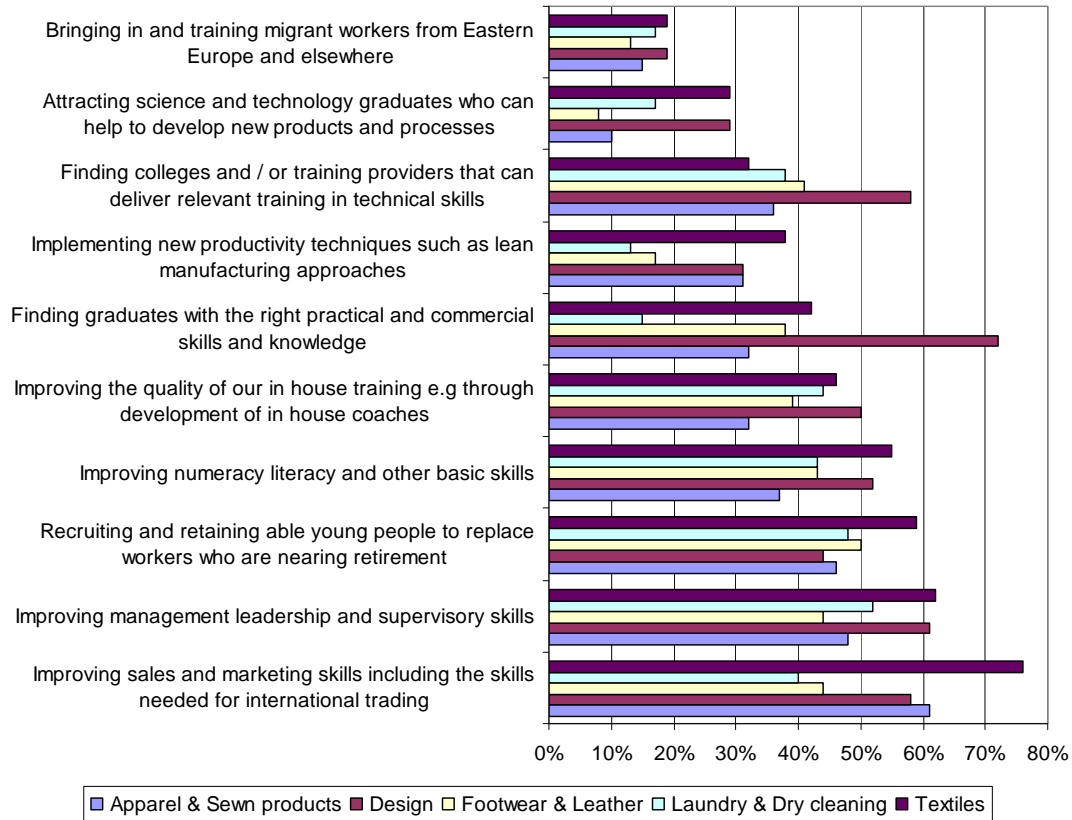
Emphasising how textile, apparel and sewn products and design employers are increasingly looking towards export markets, all put emphasis on improving marketing and sales skills needed for international trading. Whilst the survey revealed that these skills are relatively unimportant to laundry and dry-cleaning and footwear and leather employers.

Design employers placed the greatest emphasis on finding graduates with the right commercial and practical knowledge along with management and leadership skills, whilst finding graduates with the right practical and commercial skills and knowledge was of greater concern to designers.

Laundry and dry-cleaning organisations were increasingly in need of improving management and leadership skills, recruiting and retaining able young people to

replace workers retirement, developing the quality of in-house training and improving numeracy and literacy skills.

Figure 25: Skills priorities by sub-sector

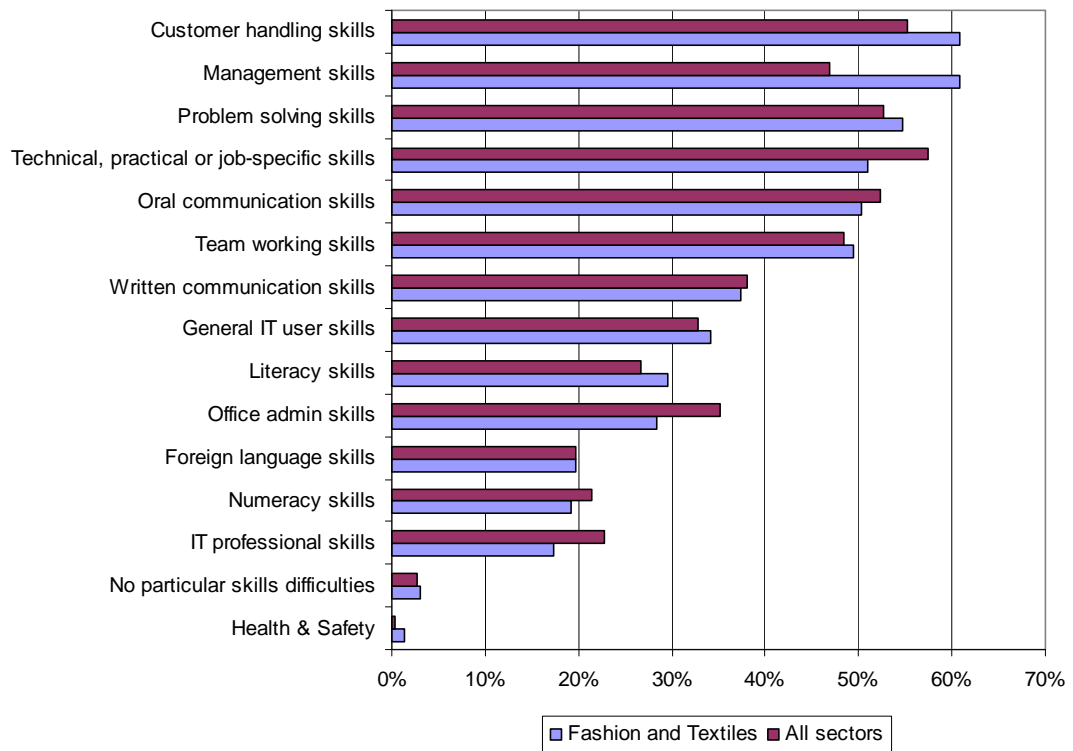


Source: Skillset Fashion and Textiles survey 2008 Employers answering important or very important (weighted base)

Generic skills that need improving

Using NESS 2009 data, employers within London recognised that customer service and management and leadership skills were in most need of improvement. Areas that differed from the all sector figure within London and specific to fashion and textiles employers was the improvement in technical, practical or job-specific skills and within office administration and IT professional skills.

Figure 26: Skills that need improving in London



Source: NESS 2009

Scenario planning

A number of models exist that give a clear indication as to the possible direction of the fashion and textiles sector, and offer insights into the possible direction of the sector.

The pieces to be studied are:

- Working Futures III
- Fashion and textiles bespoke scenario planning to 2015
- Vogler & Valente's three scenarios to 2020

Working Futures III

Forecasting work conducted by the Institute of Employment Research at Warwick University⁵⁷ gives a clear indication as to how the fashion and textiles sector is expected to perform over the next ten years.

Whilst at occupational level Working Futures III data is undisclosed for Fashion and Textiles in London, the key messages can be gleaned and presented in table 12 are:

- The study highlights that many of the global pressures that have occurred in the past two decades (most felt in operative where the outsourcing of manufacturing jobs has had a heavy influence and led to these occupations reducing to a sixth of their 1987 total) that has led to a halving of the workforce has already occurred with a stable outlook for the fashion and textiles sector in the next 10 years.
- Whilst a modest 5% decline in the workforce is expected to occur, the ageing workforce will mean there will be a requirement of 11,000 new participants into the sector to cover retirements. This in total is over a third of the current workforce that will require replacement.

⁵⁷ Institute of Employment Research. Warwick University (2008) *Working Futures III*

- This is in contrast to the wider London workforce which is expected to grow by 9% during the same period and require a larger replacement demand total.

Table 12: Employment forecasts for the London fashion and textiles sector

Employment levels (000s)	Year					2007-2017 changes		
	1987	1997	2007	2012 ⁵⁸	2017	Net Change	Replacement demand	Total requirement
Fashion and Textiles London	72	48	33	32	31	-2	11	10
						-5%	35%	29%
Total London employment	4,188	4,025	4,638	4,843	5,059	421	1,708	2,129
						9%	37%	46%

Source: Working Futures III (2008) Institute of Employment Research. Warwick University

At an occupation level, messages include:

- Managerial and senior official and associate professional and technical level occupations within the London fashion and textiles sector are forecast to see a net increase in the numbers required. Both of these occupations are forecast to make up almost half of the Fashion and Textiles workforce within the capital.
- Whilst a few occupational levels such as at skills trades and operative level employees are expected to see minimal declines in their overall numbers, the replacement demands required will mean that these occupations will all see positive total requirements.

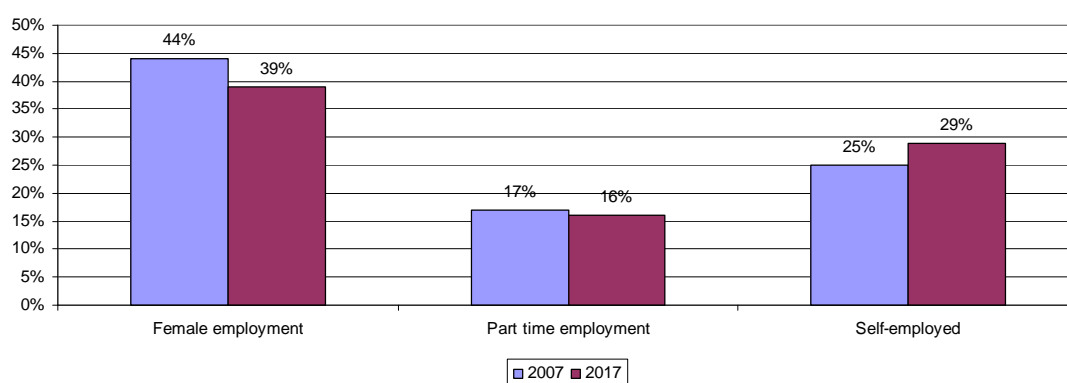
Demographics and working patterns

Working Futures III also gives an indication as to the patterns expected to be exhibited by the sector in terms of demographics and working patterns. It is noticeable is that female employment is expected to continue to decline as a proportion of the workforce. This is in line with the continued declines in operative occupations that have been the domain of female employees in the fashion and textiles sector.

⁵⁸ As Working Futures III was commissioned before the recession began, it is advisable to use the longer terms 2017 figure to give a clear indication of the future sector performance.

Whilst part-time working was expected to remain at a stable level, self-employment is forecast to increase as a proportion, symbolising the continued movement of the sector toward niche and high value production. This may suggest the existing workforce are looking towards freelance working as skills shortages and gaps for occupation create demand for their services that increasing earning potential through self-employment.

Figure 27: Demographics and working patterns



Source: Working Futures III (2008) Institute of Employment Research. Warwick University

Fashion and Textiles bespoke scenario planning

In 2005, Skillfast-UK commissioned David Rigby Associates (DRA) to scenario plan the future direction of the UK fashion and textiles sector to 2015. What was reported formed the scenario planning for the 2005 Sector Needs Agreement.⁵⁹ Reviewing the evidence, what DRA reported has largely come to pass to where we now are in 2010.

Drawing directly from the Skillfast-UK SNA (2005), the study was conducted with the assumption there are no variables that could potentially change the direction of the core UK apparel, footwear and textiles industry which could lead significant differences in the way the sector will evolve.

For the core manufacturing and wholesale elements of the sector, the patterns of evolution of several key drivers were already well established and seen unlikely to change significantly. It was also assumed that any conceivable changes over the next decade in the world economy, exchange rates or in available technologies were

⁵⁹ Skillfast-UK (2005) *UK Sector Needs Assessment*

unlikely to lead to significant changes in the UK sector's market position, prospects or future industry structure.

The industry predicted which will exist in 2015 will be focused on producing higher added value products for world markets. The key influences, activities and actions relating to the already stated skills implications to ensure the future competitiveness of the sector were identified as illustrated in Table 13

Table 13: Sector Futures to 2015

Predicted Sector Influences	Key Activities	Competitiveness of the Sector
<ul style="list-style-type: none"> • Competition from low-cost countries • Continuing liberalisation of world trade • Increasing demand for fashion products among a growing world middle-class • An unwillingness to invest in the UK in volume manufacturing of sector products • Globalisation of tastes in clothing and footwear • Higher ethical standards in both production and consumption 	<ul style="list-style-type: none"> • Brand creation and development and the international marketing of branded products • The application of new technologies in all areas of the business • Creative design of both aesthetic and technical products • Low-cost, small scale manufacturing of high added value and difficult to make products • International sourcing of both materials and other finished products • Supply chain planning and management • The creation, exploitation and protection of intellectual property and proprietary know-how • The industry will employ fewer people than now and in manufacturing, many fewer. There will be a growth, however, in the number of qualified staff in all other functional business areas 	<ul style="list-style-type: none"> • Better customer service • Brand creation and development • Commercialisation of new technologies • Creative design • Customer relationships • Strong craft and operator skills • International marketing and distribution • Manufacturing and/or sourcing overseas • Marketing, not just selling • New product development • Strong customer relationships • Supply chain management

Source: DRA 2005

Scenarios for the dry cleaning and textile/leather servicing sub-sector

Due to its nature of being a service led sector, the DRA analysis offered a separate perspective for the dry cleaning/laundry and textile/leather servicing sub-sectors. The future of this sub-sector was considered separately because of the service-based nature of its activities and the distinctive nature of the external driving forces that act upon it. The scenario presented for these sub-sectors are as follows:

Table 14: Scenarios for the dry cleaning and textiles/leather servicing sub-sector

Key Drivers	Most Optimistic 5% Annual Growth	Most Likely 1% Annual Growth	Most Pessimistic 5% Annual Decline
<ul style="list-style-type: none"> • Clothing and shoe technology (such as the growing availability of easy care garments) • The availability of home cleaning options • Economic conditions (which have a direct impact on consumer and corporate demand for the sub-sector's services) • Demographics and lifestyles (the trend towards casual dressing and the ageing of the population) 	<ul style="list-style-type: none"> • No further technology, reducing the need for professional aftercare • Smart dressing increases • Strong UK economy • High employment and consumer confidence 	<ul style="list-style-type: none"> • Some new disruptive fabric and clothing technologies and aftercare products • Slow growing UK economy • Higher unemployment. • More fragile consumer confidence 	<ul style="list-style-type: none"> • Many disruptive technologies • Weak UK economy • Increased unemployment • Low consumer confidence

Source: DRA 2005

Scenarios for the textile, clothing and leather-goods aftercare sector

The textile, clothing, shoe and leather-goods aftercare sector was seen as relatively mature in the analysis. At best, it was envisaged to achieve only modest rates of growth and therefore could actually suffer a significant decline as a consequence of further technical advances.

Therefore, in all three of the scenarios, strategies and action plans appropriate to a mature service sector were identified to allow businesses operating in this sub-sector to increase market share and profitability. These strategies and action plans include:

- reducing costs
- market segmentation; identifying profitable niches
- introducing new and/or improved products for target segments
- improving customer service
- improving staff skills in line with all these

The SNA 2005 reported that in the case of scenario three occurring and a fall off in demand, this sector would require special actions and assistance to help with the changes brought about by downsizing and business closures.

Economix's three scenarios for Europe to 2020

What was reported in the scenario planning of the 2005 SNA report has been seen to have occurred, although the uncertain economic climate has seen fluctuations in business fortunes.

However, in recent years, high profile drivers such as the sustainability and environmental agenda, how the demands of fast fashion are managed and in itself the uncertain global economy, have begun to impact the sector. All of these drivers could lead to a variety of interesting directions in which the fashion and textiles sector manufacturing base can progress.

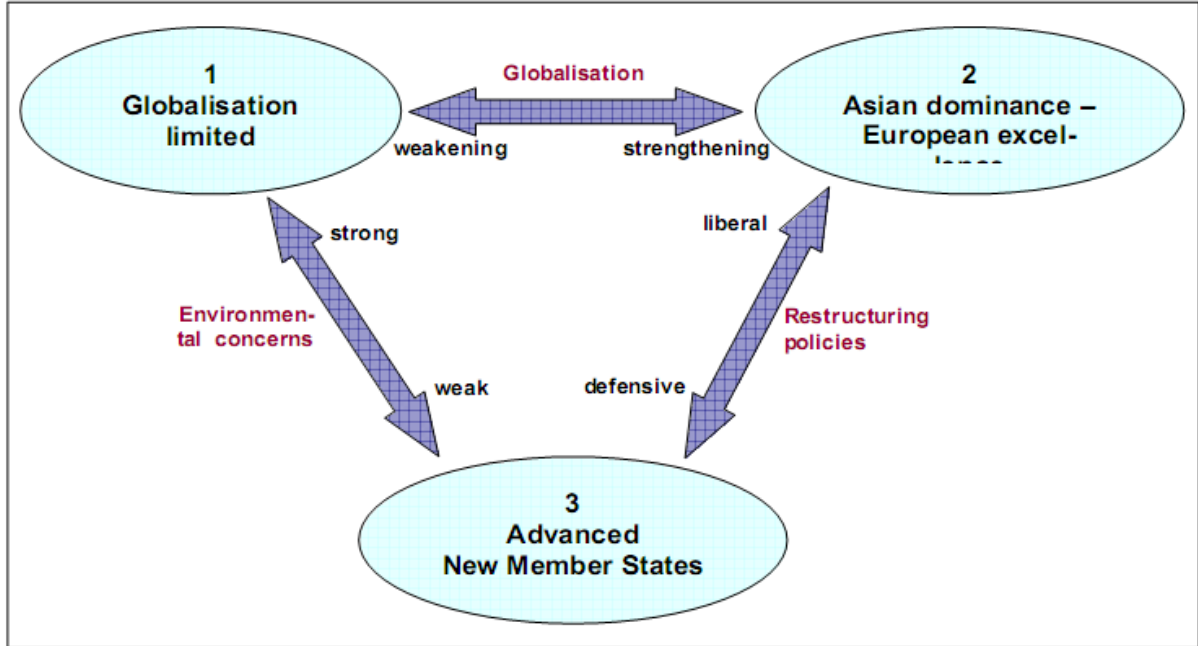
Setting the UK and London's fashion and textiles sector in the global environment using Economix's scenario planning on a European level

Vogler-Ludwig and Valente (2008)⁶⁰ propose three potential scenarios to the year 2020 of the future direction for the European fashion and textiles sector and its implications for current high value manufacturers such as the UK and London. The reported scenarios in each of these impact differently on the European fashion and textile sector that likewise will have ramifications for London's fashion and textiles skills base.

The three scenarios put forward in this paper are "Globalisation Limited", "Asian Dominance-European Excellence" and "Advanced New Member States." Each of these scenarios is based on how the three major sector drivers of globalisation, environmental concerns and the restructuring of trade and economic policies will play within the fashion and textiles sector.

⁶⁰ Vogler-Ludwig K and Valente A C (2008) *Skills Scenarios for the textiles, wearing apparel and leather products sector in the European Union*, Economix

Figure 28: Vogler-Ludwig K and Valente A C three scenarios



Source: Vogler-Ludwig K and Valente A C (2008)

The three scenarios can therefore be summarised as such:

Scenario 1: Globalisation Limited

Globalisation limited sees the effects of climate change and the environmental agenda change the way in which consumers, the Government and producers all currently make their decisions. This in turn sees production return to a European base as manufacturing production is desirable to be carried out closer to the home market.

Whilst this pattern reduces the level of outsourcing and off-shoring that has been seen in the recent past, the employment implications for Europe as a whole are still negative with a 20-25% cut forecast from current levels.

Scenario 2: Asian Dominance – European Excellence

Asian Dominance reports the present trends the market has seen in the recent past of strengthening globalisation and continued liberalisation of trade policies. Placed in these terms, the fashion and textiles sector will continue as it has been with industrial manufacturing continuing to be outsourced and off-shored to lower waged countries as the developing world is able to improve the quality of the products offered. EU

countries will strengthen their technological lead and dominance of the high value, high technology market.

This scenario will see the greatest falls in employment terms for the European economy with a halving of current employment forecast. However, this scenario will have positive impacts for future employment within skilled and technical occupations as European producers continue to innovate and command a market lead in high value production.

Scenario 3: Advanced New Member States

This scenario sees the lower cost EU Accession countries will continue to offer a production facility for the EU to continue manufacturing. As globalisation continues to negatively impact manufacturing employment, policy will be targeted at ensuring an integrated role for Europe. This will produce strong demand for production related skills in lower waged European countries and professionals in high-cost countries in an attempt to prevent the erosion of the manufacturing capability from within the European Union.

Again, as with Globalisation Limited, it is forecast this scenario will see a 20-25% cut in European employment levels to 2020. However, the configuration of jobs will be different with a great loss of trade workers with far greater emphasis on administration and the management of supply chains within a European context than at present.

Each of the key drivers at play and how that will influence each scenario is highlighted in Table 15 overleaf:

Table 15: Key drivers of change for the scenarios

Driver	Scenario 1 Globalisation limited	Scenario 2 Asian dominance- European excellence	Scenario 3 Advanced New Member states
Environmental Costs	Rising significantly; Climate risks are strongly visible; Environmental policies with limited efficiency	Rising; Environmental policies are effective; Climate risks remain manageable	Rising; Environmental policies are effective; Climate risks remain manageable
Markets	Consumers strongly concerned about climate risks; Global economy disintegrates due to environmental conflicts; Slow macro growth	Consumers appreciate environmental politics; Global market for top qualities; Global labour division is further developed; Strong macro-growth	Consumers prefer job creation and remain price-sensitive; Medium macro-growth
Knowledge Base	Innovation concentrated on ecological technologies; Revival of traditional crafts; switch from foreign productivity to energy productivity	Strong product innovation for speciality textiles; Design marketing and sales very important; Management of the value chain	Mainly process innovation provided by machinery and organisational changes; Strong increase of labour productivity
Competitiveness	Declining competitiveness of emerging countries due to high environmental costs; Ecological and social criteria have strong impact on competitiveness	Strong position of emerging countries on low and medium quality segments; Strong position of European production of high value markets and speciality textiles	Strong position of low-cost areas in Europe on medium quality segments; Strong position of high-cost areas on high value markets and speciality textiles
Branch Structures	Locally concentrated value chains due to high transport cost; small sized production networks; Rising share of craft business	Closure of mass production; small sized innovation companies; Global networks of producers; Highly specialised crafts businesses	Mass production remains in European low-cost areas; Switch from subcontractors to independent suppliers; Top qualities and international brands in high-cost areas
Foreign Trade	Low growth of world trade	Strong growth of world trade	Medium growth of world trade
Employment Change 2006-2020	-25%	-50%	-20%
Skills Needs	Revival of production related trades; More managers and professionals in low-cost areas; Specialists for traditional crafts; General need for ecological competences	Strong decrease of production related trades; Limited demand for highly specialised craftsmen; Strong increase for technical and commercial specialists; Computer professionals	Strong demand for managers and commercial professionals in low-cost areas; Limited demand for technical specialists in high-cost areas; Decrease of production-related trades and craftsmen

Source: Vogler-Ludwig K and Valente A C (2008)

Impacts on employment by occupation

Taking the above drivers as a norm, how each of these scenarios will impact the skills mix on a European level which in turn has implications for the sector at a UK and England level is presented in table 16 below. Given London's current occupational make up, all of these scenarios indicate that London's fashion and textiles sector is well placed to take advantage of any structural changes that may occur within the three scenarios.

The major message from the analysis and collaborating with the Working Futures III information, is that the importance of management and professional occupations for the sector regardless of the scenarios that may unravel.

Table 16: Occupation changes in the textiles and manufacturing sector impacted by the three scenarios

Occupation	Scenario		
	1	2	3
Managers	+	+	+
Computing professionals, associate prof	+	++	++
Engineers, associated engineers	+	++	++
Business professionals, associated prof	-	+	+
Other professionals	--	=	+
Office clerks and secretaries	--	=	+
Service and sales workers	=	+	++
Textile, garment and related trade workers	++	--	--
Pelt, leather and shoemaking trades workers	++	--	--
Other craft related trade workers	+	+	--
Textile, fur and leather products machine ops	=	--	--
Plant and machine operators, assemblers	-	--	-
Labourers	-	=	-
European employment impact to 2020	-20-25%	-50%	-20-25%
++ strong increase; + increase; = no change -- strong decrease; - decrease			

Source: Vogler-Ludwig K and Valente A C (2008)

Scenario 1: Globalisation Limited

The implication of this scenario will be that the domestic demand for UK goods driven by the sustainability agenda (and to an extent increasingly less advantage of wage drivers to off-shore and outsource) will continue to find a market.

Assuming specialisation on existing operations occurs, there will be a large increased demand for trade workers within the apparel sector. At the same time this change will also see moderate returns for managers, computing professions (in relation to increasing technological changes in both production and management of supply chains functions) and engineers to enable this process to happen.

Scenario 2: Asian Dominance – European Excellence

The trend that has occurred over the past ten years will continue to impact on the UK. Textiles and clothing firms continue to move production away from the UK as the dual impact of increasing sophistication of overseas competitors able to replicate current high value goods produced in the nation. Whilst this has large negative effects on the industry, it does create opportunities at managerial, computing, engineering and business professional levels as design functions and management of supply chain activities become even more prominent.

Scenario 3: Advanced New Member States

The UK will experience continuing structural changes as supply chains reconfigure themselves once more. Production slowly creeps to new EU member states driven by increasing consumer demands for fast fashion and the sustainability agenda. The ability of UK producers to compete lies in their ability to cultivate customer relations and manage production from design through to branding and marketing activities.

Required competencies

Recapping these scenarios, Vogler-Ludwig K and Valente A C (2008) offer the following thoughts in table 17 on how the sectors skill needs will be dictated depending on which of the three scenarios occurs. As can be seen, each scenario requires a very different application of skills, all of which will mean very different skill sets will be required by employers in the future.

Table 17: Critical competences

	Scenario 1 Globalisation Limited	Scenario 2 Asian Dominance- European Excellence	Scenario 3 Advanced New Member states
General Management	Change management Network management	Strategic, visionary, intercultural	Quality management, market orientated
Marketing and Sales	Consumer-orientated, socially and environmentally responsible	Client orientated, technical know how, trend-setting, intercultural	Competition-orientated, Market knowledge; Intercultural
Administration	Environmental legislation (REACH)	International business	International business
Research & Development	Sustainable products and technologies; Traditional techniques	Interdisciplinary; Multi-skilled Creative	Market –orientated Efficiency orientated Creative
Process Engineering	Energy and emission control; Cost control	Supervision of global supply chain	Cost control Quality control
Production	Small-scale, specialised, crafts-orientated	Client orientated, Technical know-how	Quality orientated; mass production
Quality Control	Environmental standards Network operations	Diversified standards	Large-scale control systems Network operations
Logistics	Energy-efficiency-orientated	Delivery-time orientated	Delivery-time-orientated

Source: Vogler-Ludwig K and Valente A C (2008)

Geography

Geography plays an important part in accessing the location and therefore skills needs of the London fashion and textiles sector.

The geographical location of fashion and textile firms within the four sub-sectors that are reportable are very dissimilar to the patterns that are broadly exhibited within the other regions and nations with very little clustering occurring within any one borough.

Reporting on the textiles, apparel, leather and footwear and laundry and dry-cleaning sub-sectors on an individual basis and drawing on Freeman's analysis of the designer fashion sector highlights the following:

Textiles

Employment within the textiles sub-board is diversely split amongst many of the London Borough's with no single borough being dominant within this area of employment. Westminster is the largest employing borough with 9% of all employment based here.

% of total	London Borough
9%	Westminster
6%	Hackney
6%	Wandsworth
6%	Tower Hamlets
5%	Haringey
5%	Islington
5%	Tower Hamlets
5%	Barnet
5%	Ealing
5%	Hammersmith and Fulham

Source: ABI 2008

% of total	London Borough
24%	Westminster
9%	Tower Hamlets
7%	Camden
7%	Kensington and Chelsea
6%	Islington
5%	Enfield
5%	Haringey
5%	Ealing

Source: ABI 2008

Apparel

Apparel employment is dominated by the borough of Westminster, thanks mainly to the high volume of clothing wholesale activity that occurs. As with textiles, a number of boroughs employing within this sub-sector is well spread.

Footwear and leather

Although of niche concern for the fashion and textiles sector in London; Hackney and Westminster have a large proportion of footwear and leather employment within their boroughs.

% of total	London Borough
19%	Hackney
14%	Westminster
9%	Tower Hamlets
8%	Brent
7%	Barnet
5%	Islington

Source: ABI 2008

Laundry and dry-cleaning

% of total	London Borough
13%	Merton
10%	Lambeth
10%	Hammersmith and Fulham
8%	Ealing
5%	Southwark
5%	Waltham Forest

Laundry and dry-cleaning operations are mostly situated within Merton, Lambeth and Hammersmith and Fulham. However, given the nature of the sector, there is a more even distribution given the service nature of the sector and that these services are required by all boroughs.

Source: ABI 2008

Designer fashion⁶¹

London Borough	Employee total
Westminster	2,557
Camden	1,750
Hackney	1,377
Islington	1,231
Kensington and Chelsea	1,121
Tower Hamlets	819
Southwark	779
Haringey	744
Hammersmith and Fulham	588
Lambeth	579
Wandsworth	543
Enfield	542
Other boroughs	4,317
Total	16,947

Separate from this analysis of the ABI, and presented in a number form, Freeman in his investigation into the designer fashion sector offers the following employment figures for the sector.

As can be seen and following the pattern set by the more broad apparel sector, Westminster is the dominant London Borough employing 15% of the designer fashion workforce. The one major difference with the wider apparel sector is the appearance of Hackney as the third highest employing borough.

Source: Freeman A, based on IDBR analysis

⁶¹ Freeman's methodology for defining designer fashion is explained in Annex F

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Appendices

Annex A: The Skillset Fashion and textiles footprint

The Skillset sector boards defined by four digit Annual Business Inquiry. n.b. This analysis is based on the 4 sector boards for which is possible to gather information on. It therefore excludes the role of design, manmade and technical textiles in the analysis.

Apparel and Sewn products

1821 : Manufacture of workwear
1822 : Manufacture of other outerwear
1823 : Manufacture of underwear
1824 : Manufacture of other wearing apparel and accessories not elsewhere classified
5116 : Agents involved in the sale of textiles, clothing, footwear and leather goods
5142 : Wholesale of clothing and footwear

Textiles

1711 : Preparation and spinning of cotton-type fibres
1712 : Preparation and spinning of woollen-type fibres
1713 : Preparation and spinning of worsted-type fibres
1714 : Preparation and spinning of flax-type fibres
1715 : Throwing and preparation of silk including from noils and throwing and texturing of synthetic or artificial filament yarns
1716 : Manufacture of sewing threads
1717 : Preparation and spinning of other textile fibres
1721 : Cotton-type weaving
1722 : Woollen-type weaving
1723 : Worsted-type weaving
1724 : Silk-type weaving
1725 : Other textile weaving
1730 : Finishing of textiles
1740 : Manufacture of made-up textile articles, except apparel
1751 : Manufacture of carpets and rugs
1752 : Manufacture of cordage, rope, twine and netting
1753 : Manufacture of non-wovens and articles made from non-wovens, except apparel
1754 : Manufacture of other textiles not elsewhere classified
1760 : Manufacture of knitted and crocheted fabrics
1771 : Manufacture of knitted and crocheted hosiery
1772 : Manufacture of knitted and crocheted pullovers, cardigans and similar articles
2470 : Manufacture of manmade fibres
5141 : Wholesale of textiles

Footwear and Leather

1810 : Manufacture of leather clothes
1830 : Dressing and dyeing of fur; manufacture of articles of fur
1910 : Tanning and dressing of leather
1920 : Manufacture of luggage, handbags and the like, saddlery and harness
1930 : Manufacture of footwear
5124 : Wholesale of hides, skins and leather
5271 : Repair of boots, shoes and other articles of leather

Dry-cleaning and laundry

9301: Washing and dry cleaning of textile and fur products
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Annex B: Key occupations within the fashion and textiles sector

Key occupations within the Fashion and Textiles footprint

Occupational group	Occupation	Key job titles
Managers & senior officials	1121 Production, works & maintenance managers	Production manager, technical manager
Professional Occupations	2122 Mechanical engineers	Engineer
Associate professional and technical	3111 Laboratory technicians	Textile technologist, dyeing technician
	3422 Product clothing & related designers	Textile/clothing designer, garment technologist
	3542 Sales representatives	Technical sales, sales executive
	3543 Marketing associate professionals	Marketing executive
Skilled trades occupations	5223 Metal working production and maintenance fitters	Tufting engineer, loom technician, sewing machine mechanic
	5411 Weavers and knitters	Weaver, knitter
	5413 Leather and related trades	Shoe maker, saddler, clicker, shoe repairer
	5414 Tailors and dressmakers	Tailor, kilt-maker
Process, plant and machines operatives	8113 Textile process operatives	Scourer, spinner, tufter, twister, warper
	8114 Chemical and related process operatives	Leather worker, dye-house operative
	8136 Clothing cutters	Pattern cutter
	8137 Sewing machinists	Body linker, collar linker, mender, repair hand, sewing machinist, seamer
	8139 Assemblers and routine operatives nec.	Machinist – footwear/leather-goods
Elementary occupations	9234 Launderers, dry cleaners, pressers	Dry cleaner, garment finisher, laundry operative, presser

Source: Skillfast-UK (2005)

Annex C: The Manufacturing Advisory Service

Introduction to the London Manufacturing Advisory Service⁶²

The new London Manufacturing Advisory Service (MAS3) is part of the package of support the London Development Agency (LDA) provides to businesses in London.

MAS3 is particularly targeted at small and medium-sized manufacturers and offers hands-on advice and assistance from experts in a wide range of manufacturing disciplines.

London Manufacturing Advisory Service is part of the government's Solutions for Business portfolio.

The new service

The new service commences on 22 June 2009 and will be operational for three years.

The service will target SMEs involved in advanced manufacturing and those which have ability/potential to use sophisticated and high value-high technology (including environmental technology). It will be supporting all or some of manufacturing activities from R&D, Design, Production, Logistics and Services to end of life management.

Target sectors for additional support within London's manufacturing industry will include:

- apparel
- food and drink
- digital print
- design-led manufacturing

⁶² <http://www.lda.gov.uk/server.php?show=ConWebDoc.445> accessed 12th May 2010

Annex D: Technical textiles and their end user markets

Technical textiles products and key drivers

Sector	Products	Key Drivers
Automotive and Aerospace	<ul style="list-style-type: none"> • Airbags and seat belts • Upholstery yarns and fabrics • Needle-punched headliners, carpets, boot-liners, sound-proofing and insulation • Lightweight non-wovens used in filters • Tyre cord fabrics • Clothing for space suits – lightweight and highly flexible • Mechanical rubber goods (MRGs) ie hoses and belts • Various composites 	<ul style="list-style-type: none"> • European 'space race' and potential commercial flights • Continuous reviewing of safety standards • New materials producing improved performances • Improved flexibility raising new standards creating new markets
Composite Textiles	<ul style="list-style-type: none"> • Aerospace components (tails, wings, fuselages propellers) • Boat and scull hulls • Bicycle frames and racing car bodies • Fishing rods, storage tanks, and baseball bats • The new Boeing 787 structure, including the wings and fuselage is composed largely of composites. 	<ul style="list-style-type: none"> • Develop product development and service capabilities to assist users with individual design • Application and technical troubleshooting issues • Provide QR manufacturing and distribution capabilities to cope with a wide variety of individual customer specifications and supply requirements • Supply and service increasingly global markets
Industrial Biotechnology	<ul style="list-style-type: none"> • Medical textiles, including all those textile materials used in health and hygiene applications • Incontinence pads, and diapers • Artificial veins • Prosthesis etc • Breathable, temperature-regulating materials • Lightweight shock-proof materials • Water and dirt repellent materials 	<ul style="list-style-type: none"> • High crude oil prices • End consumer 'pull' for green biotech products • Bio-based based materials v crude oil based materials • Concerns about greenhouse gas emissions • Scientific progress, ie advancements in synthetic biology
Nanotechnology	<ul style="list-style-type: none"> • Nano-sized whiskers protrude from the fabrics, allowing any spill to be easily wiped away without damage to the fabric. • Antimicrobial and anti-mosquito protection into a vast array of products. • Leather degreasing • Textile dewatering • Applications of nanotechnology in textile production • Electronic textiles • Fibre modification • Textile pressure and strain sensors, used in clothing that can measure heart rate and respiratory rates, and to detect movement in buildings and structures • Electrically conductive textile materials, used in health monitoring garments, utilised by the military for inconspicuous communication tools, and for fashion items i.e. Ipod jackets or mp3 players integrated into snowboarding gear 	<ul style="list-style-type: none"> • Less-invasive procedures and pressures for medical conditions, all point to nanotechnology as offering a new approach in healthcare materials • World textile and clothing overview • Macro and micro value chain of the textiles industry • Overview of the market potential for nanotechnology in textiles • Nanotechnology in the textile-related categories of; technical/non-woven/industrial textiles, high-performance textiles, multifunctional textiles and Smart/intelligent textiles
Others, e.g. cross cutting performance clothing, work-wear and technical textiles	<ul style="list-style-type: none"> • High visibility clothing (for joggers etc) that incorporates reflective materials • Protective clothing is another related area that includes garments which offer a higher level of protection than offered by standard work wear garments 	<ul style="list-style-type: none"> • Growth of sporting and outdoor pursuits demanding performance apparel

Source: Adopted from UK Technical Textiles: A Strategy for Growth (2004-2009)

Annex E: Growth of the Designer fashion sector within Great Britain

Designer fashion sector growth

Year	GVA at current prices £ millions	Creative employment GB	No. Businesses
1997	280	80,700	1,400
1998	270	88,800	1,300
1999	300	93,500	1,300
2000	360	98,500	1,300
2001	320	103,000	1,300
2002	320	115,000	1,300
2003	330	113,200	1,300
2004	380	110,400	1,400
2005	430	115,500	1,400
2006	450	118,700	1,500
2007		130,700	1,500
2008			2,800

Source: DCMS 2009

Annex F: The GLA proportions used to calculate fashion estimates

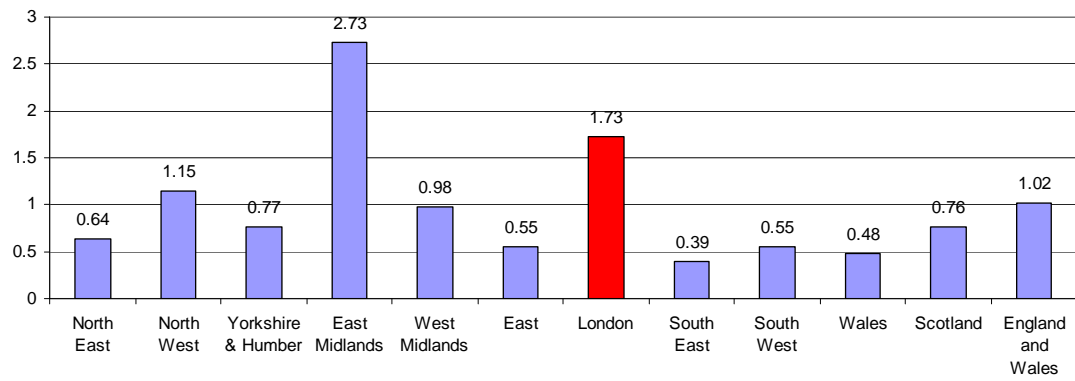
Freeman's GLA proportions used to calculate fashion estimates

SIC 2003 digit code	4	Proportion of employment used	4-digit description
1771		0.005	Manufacture of knitted and crocheted hosiery
1772		0.005	Manufacture of knitted and crocheted pullovers, cardigans and similar articles
1810		0.005	Manufacture of leather clothes
1821		0.005	Manufacture of workwear
1822		0.005	Manufacture of other outerwear
1823		0.005	Manufacture of underwear
1824		0.005	Manufacture of other wearing apparel and accessories not elsewhere classified
1830		0.005	Finishing of textiles
1930		0.005	Manufacture of footwear
7487		0.0484	Speciality design

Source: IDBR, ONS and GLA Economics in Freeman, A (2009)

Annex G: Location quotients for UK designer fashion firms

Location quotients for UK designer fashion firms



Source: JCIS/ABI (2007) in Freeman, A (2009)