skillset

The Sector Skills Council for Creative Media

Sector Skills Assessment for the Fashion and Textiles Industry in Scotland

April 2011

Alliance

Sector Skills Councils

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Skillset is the Sector Skills Council representing the Creative Media Industries and as of 1st April 2010 the Fashion and Textiles sector. The Fashion and Textiles sector as represented by Skillset covers the fashion and textiles supply chain, from the processing of raw materials to product manufacture, to wholesale and trading activities and extending to the after-sales servicing of products.[1]

Skillset works with both the industry and government to identify and tackle the skills and productivity needs of fashion and textiles employers throughout the UK to make sure they have access to the right people, with the right skills, in the right place, at the right time. We do this by influencing and leading; developing skills, learning and development and education policy; and through opening up the industries to the UK's pool of diverse talent. Skillset is responsible for the production of Sector Skills Assessments (SSA) for the UK and each of the UK's four constituent nations. This is the executive summary for the SSA for the fashion and textiles industry in Scotland.

The Fashion and Textiles Industry in Scotland

The fashion and textiles sector in Scotland accounts for just over 5,000 firms and is characterised by well established businesses and high levels of self employment. Clusters of fashion and textiles businesses are most prominent in the Scottish Borders. Edinburgh and Glasgow also have relatively high proportions of fashion and textiles businesses.

The fashion and textiles sector in Scotland accounts for almost 24,000 jobs. Owing to the proportionally larger manufacturing base that still exists within Scotland's fashion and textiles sector compared to the UK, process plant and machine operative occupations and elementary occupations make up one quarter of the workforce. As with business numbers, a large proportion of fashion and textiles employment lies within the Scottish Borders.

Excluding the self-employed, gross value added (GVA) for the sector in Scotland is estimated at over £473 million, with GVA per head measured at an average of £32,871.

Drivers of Skill Demand

The research into the fashion and textiles sector uncovered the following key drivers that are impacting skills demand in Scotland.

[1] Please see Annex 1 for an explanation of SIC codes and sub-sectors

Driver	Key factors	Skills implications
Economic environment	The economic downturn and associated unemployment, plus falls in production within manufacturing.	Impact on the number of people applying for jobs in the sector.
A redefined sector	Sector decline, particularly in the manufacturing sub-sector.	A reduced network of infrastructure and increased demand for multi-skilled workers.
The role of globalization and a move towards higher value added products	A liberalisation of trade policy and the continued sophistication of communication and supply chain technology have led to structural changes and an emphasis on higher value added activities.	Competitive labour costs; a demand for better qualified and skilled workforce with technical skills; and increasing demand for individuals that have out-sourcing knowledge and supply chain management skills.
Diversification and the rise of technical textiles	Diversification of operations and a move towards technical textiles.	Ongoing need for individuals capable of developing and commercialising new, innovative products and processes and a demand for high-level technical and scientific skills.
Fast fashion and responding to consumer demands	Increasing pressures on companies to supply their retail markets and a need to ensure that products are suited to the latest fashions and styles.	A need for individuals that understand sourcing, production lead times and consumers, which will be facilitated by good customer facing skills. The sector also needs creative design skills and flexible and efficient production practices.
The impact of legislation and the sustainability agenda	Environmental concerns, legislation, the sustainability agenda and ethical standards.	A requirement for individuals to understand how legislation, sustainability and ethical sourcing impacts upon businesses, plus innovative and creative individuals that can help businesses to effectively respond to these demands.
Responding to technological advances	A need to harness continually emerging technologies, alongside an ongoing demand for traditional production techniques. Plus, online retailing and selling direct from source.	Ongoing challenge for businesses and training providers to keep abreast with technological advances in order to ensure that the workforce is appropriately skilled and able to produce and sell competitive products, in terms of both cost and quality.
Sector image and an ageing workforce	An 'invisible' sector and lack of awareness of range of jobs and careers; poor perception of parts of the sector; and an ageing workforce.	A loss of skills when people retire, particularly traditional and technical skills, and a lack of young people entering the sector means that some of these skills will not be replaced. A lack of awareness of key roles in the sector.
Product marketing and Scottish heritage	Distinctive 'Scottish Style' and strong brands and labels that are highly valued.	A need to understand how to design and manufacture products that meet consumer demands, plus an ability to effectively market and sell these products in a way that builds upon the Scottish brand.

Skills Needs

Vacancies and recruitment

Staff retention within the fashion and textiles businesses in Scotland is high.

Vacancies within the fashion and textiles sector in Scotland are not particularly prevalent and are lower than the average vacancy rate for all sectors across Scotland. However, consultations did highlight a number of occupations and skills that are hard to access.

The main barriers to recruitment are as follows:

- Geography
- Poor perceptions of the sector.
- Low entry level wages
- A lack of awareness of the career opportunities and progression routes within the sector
- Poor industry links with education
- Attractiveness of other sectors
- Lack of suitable education and training opportunities

Skills shortages

Skills shortages are defined as those vacancies that are proving hard-to-fill because of a shortage of candidates with the required skills, qualifications or experience in the labour market. 66% of businesses in the fashion and textiles sector in Scotland believed they would face skills shortages if looking to recruit. Anecdotal evidence suggests that employers located in the Scottish Highlands and Islands are more likely to experience skills shortages due to the reduced labour pool available in these more remote areas.

Survey data suggests that the apparel and sewn products sub-sector is more likely to report skills shortages, followed by the footwear and leather sub-sector. In comparison, data suggests that the laundry and dry-cleaning sub-sector is the least likely to experience skills shortages.

The skills shortages identified during the consultations are as follows:

- Supervisors, particularly those that have technical skills alongside good leadership skills.
- Technicians and fabric technologists.
- Pattern cutters and graders, hand-tailors, knitters, weavers, warpers and darners.
- Technical individuals to provide the interface between the design and production of shoes.
- Engineers for dry cleaning and laundry machine maintenance and operation.
- Supply chain managers
- Dyers and screen printers.
- Brand development and management roles.

Skills gaps

Skills gaps are skills deficiencies identified by employers within their existing workforce. 19% of establishments in the fashion and textiles sector suffer from skills gaps. Employers in the Scottish Highlands and Islands are more likely to face skills gaps than those in the Scottish Lowlands.

Employers in the textiles, and apparel and sewn products are more likely to report skills gaps than those in the design, and footwear and leather sectors.

Generic skills gaps evident in the fashion and textiles sector are as follows:

- Management skills
- Written communication skills
- Customer handling skills
- Problem solving skills
- Oral communication skills

Sector specific skills gaps evident in the fashion and textiles sector are as follows:

- Fabric technology skills
- Highland dress knowledge
- Engineering skills in the laundry and dry-cleaning sector
- Stain removal and garment finishing skills
- Traditional skills such as pattern cutting, weaving, darning, knitting and hand-tailoring
- IT, programming and technological skills
- Production management skills and a lack of understanding between designers and manufacturers

Addressing skills needs

There is significant concern that as individuals retire from the workforce, certain skills will be lost. However, on the whole, the level of succession planning is insufficient and many businesses do not have plans in place to address their future skills needs.

Skills Supply

Just over one third of businesses in the fashion and textiles sector in Scotland have a staff training plan in place and survey data reveals that over half of fashion and textiles businesses do not undertake training.

Consultations highlighted a number of factors that influence the effectiveness of training provision:

- Availability
- Content

- Delivery mechanisms

The key barriers to accessing or providing training were identified as follows:

- Geography
- Availability of suitable training provision
- Cost
- Time
- Awareness of training

Anticipating What Lies Ahead

Opportunities and threats

The following table summarises the cross-cutting opportunities and threats facing the fashion and textiles sector.

Cross-cutting opportunities facing the fashion and textiles sector	Cross-cutting threats facing the fashion and textiles sector
Niche, high quality markets (e.g. technical textiles, cashmere) Understanding customers and service quality. Collaborations. Overseas markets and export sales. Outsourcing. Currency fluctuations. E-commerce opportunities. Marketing and brand awareness, including labelling and the 'Made in Scotland'. Sustainability agenda, including environmentally friendly and ethical production. Technological advances. A return to manufacturing and production on a smaller scale. The role of Skillset.	Availability of suitable training provision. Image of the sector. Decline of manufacturing sector and associated loss of skills and infrastructure. Rapidly changing consumer preferences. Sustainability and environmental concerns and legislations. Regulatory burdens and costs, e.g. employment law, health and safety. Overseas competition, including cheap labour. Cost and accessibility of raw materials. Rising overheads and resulting pressures on margins. Currency fluctuations. Economic downturn, resulting in lower consumer spending and difficulties accessing finance. Public funding pressures.

Future skills needs

Skills priorities most commonly cited by Scottish fashion and textiles employers were improving sales and marketing skills, including the skills needed for international trading; recruiting and retaining able young people to replace workers who are nearing retirement; and finding colleges and / or training providers that can deliver the relevant training in technical skills.

Consultations identified the following generic skills as being particularly important for the fashion and textiles sector in the future:

- Supply chain management skills.
- Foreign language skills.
- IT skills.
- Electronic / technological skills.
- Marketing and brand management skills.
- Commercial, financial and legal skills.
- Management and leadership skills.

Consultations also highlighted the following sector specific skills that are going to become more important for the fashion and textiles sector in the future:

- New processes are leading to a demand for a host of associated skills.
- Fabric technology skills.
- Traditional Scottish production skills.
- Traditional skills such as hand-tailoring and weaving.
- Quality control skills.
- Design and customisation skills.

Scenario planning

Working Futures III forecasts the numbers working within the fashion and textiles sector in Scotland will continue to decrease, albeit at a slower rate than previous trends. Despite this continued decline in the gross number employed, the sector will experience large positive net employment requirements as a result of proportionately large scale retirements and associated replacement demand. In all, taking 2007 figures as a base, approximately one third of the workforce will require replacement by 2017. The sector will continue, albeit at a slower pace, to lose jobs within the operative elements of the sector along with elementary occupations and sales and customer service occupations. Although these occupational groupings within the Scottish fashion and textile footprint are forecasting a gross decline in demand, positive replacement demand will see only a small change in requirements. Managerial and technical positions will proportionally make up a larger part of the workforce. As companies spend a greater amount of time managing processes such as supply chain, outsourcing and customer relations, the level of technical expertise, both in terms of processes employed and ICT needs, will ensure both of these positions will require filling.

On a European level[2], three scenarios for the fashion and textiles manufacturing base have been put forward, each of which will impact skills needs differently. These 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.

[2] Vogler-Ludwig and Valente, 2008, Skills scenarios for the textiles, weaving, apparel and leather products sector in the EU

1.0 Introduction

1.1 Introduction

Skillset is the Sector Skills Council representing the Creative Media Industries and as of 1st April 2010 the Fashion and Textiles sector. The Fashion and Textiles sector as represented by Skillset covers the fashion and textiles supply chain, from the processing of raw materials to product manufacture, to wholesale and trading activities and extending to the after-sales servicing of products.[3]

Skillset works with both the industry and government to identify and tackle the skills and productivity needs of fashion and textiles employers throughout the UK to make sure they have access to the right people, with the right skills, in the right place, at the right time. Skillset is responsible for the production of Sector Skills Assessments (SSA) for each of the UK's four constituent nations. This document sets out the SSA for the fashion and textiles sector in Scotland.

1.2 Background

The over-arching aim of the SSA is to play a key role in influencing policy and informing industry investment regarding skills issues across the fashion and textiles industries. The SSA considers the five sub-sectors of the fashion and textiles sector: design; textiles and technical textiles; apparel and sewn products; footwear, leather and leather goods; and laundry and dry-cleaning. In line with the UKCES Common LMI Framework, it assesses the following:

- **Drivers of skills demand:** What issues are driving skills demands within the fashion and textiles sector and what are the skills implications of these?
- **Current skills needs:** What are the current skills needs that exist within the sector?
- **Future skills needs:** What is anticipated to lie ahead for the sector and how can the sector ensure adequate planning for the future skills needs of the sector?
- **Geographical variations:** How do skills needs vary by geography?

1.3 Research Methodology

In order to compile this SSA, Skillset with research support from Ecorys has:

- Reviewed recent and relevant data related to the fashion and textiles sector including; the Fashion and Textiles Survey of Employers 2008 that surveyed 201 employers in Scotland,

[3] Please see Annex A1 for an explanation of SIC codes and sub-sectors respresented within the Fashion and Textiles sector

with 150 of these from the lowlands and 51 from the Highlands and Islands, and the Scottish Employer Skills Survey 2008 which sampled 118 fashion and textiles employers[4]
- Reviewed recent and relevant literature related to the fashion and textiles sector.
- Conducted 15 telephone consultations with key representatives from the fashion and textiles sector in Scotland.

1.4 Report Structure

The remainder of the report is structured as follows:

- **Chapter Two: The Fashion and Textiles Sector** – Sets out the key characteristics of the fashion and textiles industry in Scotland.
- **Chapter Three: Drivers of Skills Demand** - Highlights the key drivers of skills demand, plus the subsequent skills implications.
- **Chapter Four: Skills Needs** – Reviews sector recruitment and skills shortages, followed by skills gaps and identifies the extent to which businesses are adopting succession plans to address the skills issues they face.
- **Chapter Five: Skills Supply** - Provides a brief assessment of how businesses identify their training needs, the extent to which training provision meets the needs of businesses in the sector and the barriers businesses face in accessing or providing training.
- **Chapter Six: Anticipating What Lies Ahead** - Looks at the future of the fashion and textiles sector in Scotland by assessing the growth potential for the sector and the future skills needs, plus actions required by the sector.

[4] The Scottish Employer Skills Survey 2008 is being used in this report due to small sample sizes in the Scottish Employer Skills Survey 2010

2.0 The Fashion and Textiles Sector in Scotland

This chapter provides an overview of the fashion and textiles sector in Scotland.

2.1 The Business Base

2.1.1 Number of businesses

The fashion and textiles sector in Scotland accounts for just over 5,000 firms. In comparison, data from the Annual Business Inquiry (ABI) estimates that there are just over 1,200 firms[5]. As the ABI data excludes the self-employed workforce, it can be deduced from these figures that a high number of micro-businesses exist in the fashion and textiles sector.

The following table illustrates that textile and clothing manufacturers account for approximately half of all fashion and textiles businesses operating in Scotland. Washing and dry cleaning is represented by over 700 firms.

Table 2.1 Number of firms in the fashion and textiles industry in Scotland

UKSIC 03	SIC description	Total number of businesses
15113	Fellmongery	*
17	Textile manufacture	1,410
18	Clothes manufacture	1,190
19	Leather manufacture	50
2124*	Wallpaper manufacture	0
24422*	Non-medicaments manufacture	0
247	Manmade fibre manufacture	20
3310*	Medical equipment manufacture	*
4543*	Floor/wall covering	290
5111*	Agents raw materials	60
5116	Agents textiles/clothing/leather	200
5124	Wholesale hides/leather	20
5141	Wholesale textiles	150
5142	Wholesale clothing/footwear	420
51479*	Wholesale other household goods	30

[5] Annual Business Inquiry 2008 based on SIC 2003: 17-19, 2470, 5116, 5124, 5141, 5142, 5271, 9301

UKSIC 03	SIC description	Total number of businesses
5156*	Wholesale intermediate products	*
5271	Repair shoes/leather	160
5274*	Other repair	450
71409*	Rent personal/house hold goods	10
74872*	Speciality design	60
9301	Wash/dry clean	720
	Total	**5,260**
TechT	Technical textiles	20

Source: tbr 2008. Note: Figures in the table are rounded to the nearest 10 so may not sum. Classifications characterised by an asterisk in the table are too small to be included due to data protection. SIC codes with an asterisk depict SIC codes not exclusive to Skillset's footprint, but where the fashion and textiles relevant businesses have been extracted.)

2.1.2 Size of businesses

Scotland's fashion and textiles sector is characterised by higher levels of self-employment than the Scotland average across all sectors; respectively, 20% of the workforce are self-employed compared to 11%.[6] Consultations supported this finding noting that the sector is characterised by a high proportion of micro-businesses and individuals setting up niche clothing companies for instance. Annual Business Inquiry data also supports this case. Of firms with employment, 83% employ up to 10 people with only four percent employing more than 50. Furthermore supported by the tbr data at a UK level indicates 70% of fashion and textiles businesses are micro or partnership establishments.

Table 2.2 Employment and employer workplace sizebands in the Scottish Fashion and Textiles Sector

	1 to 10	11 to 49	50 and above
Employment	83%	13%	4%
Employees	23%	29%	47%

Source: ABI 2008 (based on SIC 2003: 17-19, 2470, 5116, 5124, 5241, 5242, 5271 and 9301)

[6] Annual Population Survey 2009. Citation for this source used in this publication: Office for National Statistics. Social and Vital Statistics Division, *Annual Population Survey, January - December, 2009: Special Licence Access* [computer file]. *2nd Edition.* Colchester, Essex: UK Data Archive [distributor], November 2010. SN: 6515

2.1.3 Geography of businesses

There are particular **clusters of fashion and textiles businesses in the Scottish Borders**. Edinburgh and Glasgow also have relatively high proportions of fashion and textiles businesses. The Scottish Borders have a high representation of businesses in the apparel and sewn products sub-sector, whereas Renfrewshire has a high proportion of footwear and leather businesses[7].

2.2 The Employment Base

2.2.1 Number of employees

The fashion and textiles sector in Scotland employs almost 24,000 people. The following table serves to highlight the significant role still played by manufacturing in the sector as a whole, with textile (10,410) and clothing (3,410) manufacture responsible for just under 70% of total employment in the sector. In a similar trend to total business numbers, the washing and dry cleaning sub-sector employs 3,060 staff with the wholesale of clothing and footwear employing just under 3,000. This data supports findings from the consultations, which highlighted the prevalence of businesses that undertake both manufacturing and wholesale activities.

Table 2.3 Employment in the fashion and textiles industry

UKSIC 03	SIC description	Total employment
15113	Fellmongery	20
17	Textile manufacture	10,410
18	Clothes manufacture	3,410
19	Leather manufacture	490
2124*	Wallpaper manufacture	0
24422*	Non-medicaments manufacture	0
247	Manmade fibre manufacture	30
3310*	Medical equipment manufacture	30
4543*	Floor/wall covering	380
5111*	Agents raw materials	190
5116	Agents textiles/clothing/leather	390
5124	Wholesale hides/leather	40
5141	Wholesale textiles	460
5142	Wholesale clothing/footwear	2,830

[7] Annual Business Inquiry 2008.

UKSIC 03	SIC description	Total employment
51479*	Wholesale other household goods	220
5156*	Wholesale intermediate products	100
5271	Repair shoes/leather	270
5274*	Other repair	820
71409*	Rent personal/house hold goods	60
74872*	Speciality design	150
9301	Wash/dry clean	3,060
	Total	**23,250**
TechT	Technical textiles	470

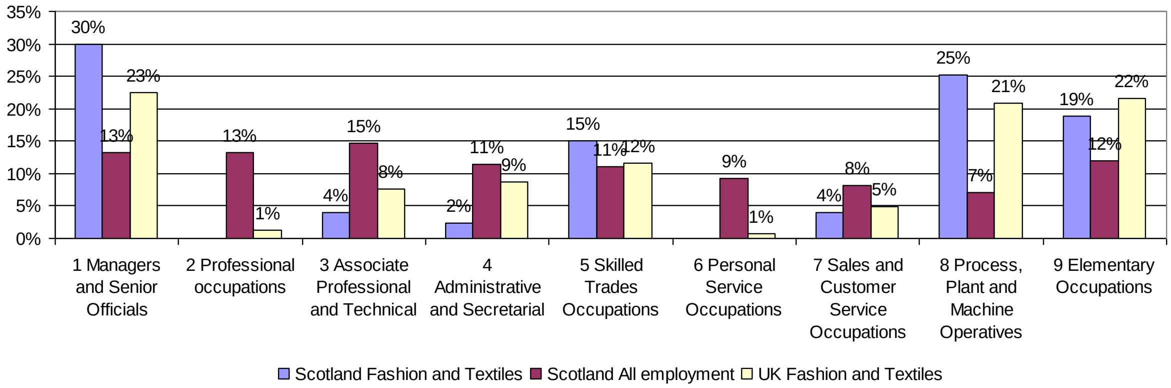
Source: tbr 2008. Note: Figures in the table are rounded to the nearest 10 so may not sum. Classifications characterised by an asterisk in the table are too small to be included due to data protection. SIC codes with an asterisk depict SIC codes not exclusive to Skillset's footprint, but where the fashion and textiles relevant businesses have been extracted.)

2.2.2 Occupations

Focussing attention on the occupational structure of employment in the fashion and textiles sector in Scotland, the continued presence of a significant manufacturing base results in a far **higher proportion of employment in process plant and machine operatives** (25%) **and elementary occupations** (19%), when compared to occupational trends across all sectors in Scotland (7% and 12% respectively). **Almost a third of employees in the fashion and textiles sector in Scotland are managers and senior officials** but only 4% of the workforce associate professional and technical occupations. Consultations emphasised the high number of micro-businesses in the sector in Scotland, which will go someway to explaining the large proportion of managerial employment.[8]

[8] A list of occupations in the fashion and textiles sector represented by these groupings can be found in Annex A2

Figure 2.1 Occupation breakdown



Source: APS 2009 Based on SIC 2007: 13, 14, 15, 2060, 4616, 4624, 4641, 4642, 9523, 9601. n.b. professional and personal service occupations are unreportable due to case sizes.

2.3 Geography of the workforce

Table 2.4 below highlights the geography of fashion and textiles employment within Scotland. A large proportion of **fashion and textiles employment lies within the Scottish Borders with 14% located here** with high employment levels within both the textiles and apparel sub-sectors. Glasgow City, Dundee and Fife are also home to a high number of employees. Scotland also has a number of businesses located on the Scottish Islands, such as Harris Tweed producers.

The table also allows us to understand where businesses are clustered by sub-sector:

Textiles firms are predominantly located within the **Scottish Borders, Dundee City, Angus, Glasgow and Kinross.**

Apparel is mainly focussed around the **Scottish Borders,** which is home to a large number of knitwear manufacturers.

Footwear and leather goods activity is mainly placed within Renfrewshire and neighbouring Glasgow City.

Laundry and Dry-Cleaning services follow the geography of urban conurbations with the major Scottish cities. **Fife, Glasgow, North Lanarkshire and Aberdeen City** are all significant employing areas.

Table 2.4 Geographical spread of fashion and textiles employment in Scotland

	Textiles	Apparel	Footwear, leather and leather goods	Laundry and Dry-Cleaning Services	Total
Aberdeen City	3%	5%	4%	6%	4%
Aberdeenshire	4%	1%	0%	5%	3%
Angus	9%	-	-	1%	4%

Argyll & Bute	2%	0%	0%	1%	1%
Clackmannanshire	-	1%	0%	-	-
Dumfries & Galloway	4%	2%	2%	3%	3%
Dundee City	10%	2%	-	2%	6%
East Ayrshire	5%	3%	-	1%	3%
East Dunbartonshire	4%	0%	0%	1%	2%
East Lothian	1%	-	0%	1%	1%
East Renfrewshire	1%	0%	-	2%	1%
Edinburgh, City of	2%	6%	-	6%	4%
Eilean Siar	1%	0%	0%	-	1%
Falkirk	2%	-	-	1%	2%
Fife	3%	3%	2%	22%	5%
Glasgow City	8%	15%	20%	10%	11%
Highland	4%	2%	-	3%	3%
Inverclyde	0%	-	0%	1%	1%
Midlothian	-	0%	0%	2%	-
Moray	-	-	-	3%	-
North Ayrshire	4%	1%	-	1%	2%
North Lanarkshire	2%	5%	-	9%	4%
Orkney Islands	0%	-	0%	-	0%
Perth & Kinross	-	2%	0%	2%	-
Renfrewshire	3%	2%	44%	2%	4%
Scottish Borders	11%	22%	-	1%	14%
Shetland Islands	1%	0%	0%	-	1%
South Ayrshire	1%	-	-	3%	2%
South Lanarkshire	2%	5%	0%	4%	3%
Stirling	1%	1%	0%	2%	1%
West Dunbartonshire	0%	-	0%	1%	0%
West Lothian	4%	5%	-	3%	4%

Source: BRES 2009 from the employment base. Based on SIC 2007: 13, 14, 15, 2060, 4616, 4624, 4641, 4642, 9523, 9601[9] - = undiclosable

2.4 The Value of the Fashion and Textiles Sector in Scotland

ABI data shows that **gross value added (GVA) for the sector is estimated at £473 million**, with GVA per head measured at an average of £32,871. It is important to note, however, that these figures do not include self-employed individuals, which are strongly represented within the fashion and textiles sector.[10] In light of this, these figures should be interpreted with care and considered as a substantial under-estimation of the total value[11].

[9] Please see Annex A2 for a list of the sub-sectors

[10] The design sector is also excluded as national statistics are unable to represent this group at this geographical level.

[11] Using the information we have obtained from tbr, the UK Fashion and Textiles sector is valued at £11.5bn which also including parts of footprint outside of core footprint tbr were able to represent. 2008 ABI data for core fashion and textiles activities in the UK places the value at just under £7.7bn.

The figures though allow us to understand a number of key patterns and nature of business activity. The manufacture of textiles has the highest contribution to GVA whereas the manufacture of leather and related products has the highest GVA per head symbolising the high value with smaller labour requirements of the products manufactured. Labour intensive, lower value activities within the service end of the sector that make an important contribution, such as washing and dry-cleaning activities are the lowest GVA per head activities.

Table 2.5 Value to the Scotland economy, sector GVA estimates 2008

Description	Total number of employees	Total turnover (£k)	GVA at basic prices (£k)	GVA per head (£)
Manufacture of textiles	5,291	521,558	195,176	36,888
Manufacture of wearing apparel	3,673	234,684	97,540	26,558
Manufacture of leather and related products	512	*	25,124	49,093
Agents involved in the sale of textiles clothing fur footwear and leather goods	374	47,499	12,517	33,440
Wholesale of hides skins and leather	*	5,625	1,148	29,944
Wholesale of textiles	446	69,595	15,525	34,772
Wholesale of clothing and footwear	1,747	356,692	75,226	43,069
Repair of footwear and leather goods	*	1,765	1,179	27,540
Washing and (dry-)cleaning of textile and fur products	2,267	82,552	49,617	21,886
All Fashion & Textiles	**14,391**	**1,319,971**	**473,051**	**32,871**

Source: ABI 2008

3.0 Drivers of Skills Demand

This chapter highlights the key drivers of skills demand and the subsequent skills implications of these drivers. These have been identified through the consultations, plus a range of literature.

3.1 The Economic Environment

3.2 Drivers

In line with the wider economy in Scotland, the economic downturn has impacted upon the fashion and textiles sector with consumer spending, productivity and employment all affected. Difficulties associated with accessing finance have also detrimentally impacted upon the fashion and textiles sector and consultees noted that the economic downturn has led to a reduction in research and development activities. Various economic indicators allow us to understand the current position of the fashion and textiles sector in Scotland:

3.2.1.1 Consumer spending

Whilst information is not available for Scotland, ONS consumer trends data for the UK suggests that there has been little apparent effect on fashion and textiles related retail spending in the wake of the global recession. Total household expenditure on key fashion and textiles goods steadily increased from £48,780m in 2005 to £53,439m in 2009 with only a slight decrease on 2008. This is in comparison to wider economic spending that retreated from £892bn to £872bn in the same period.

Broken down by specific fashion and textiles goods and services, consumer spending on items such as footwear (£6,432m in 2009) and household textiles (£5,830m) saw slight decreases with sales of clothing materials (£622m), clothing and clothing accessories £2,182m) , clothing (£37,278m), footwear repair and hire (£82m) and dry-cleaning and clothing hire (£1,004m) all seeing increased expenditure on 2008 sales.[12]

This is significant for two reasons. Firstly, it highlights that fashion and textiles spending has remained steady during the downturn. Secondly, it shows a rise in a “make do and mend” approach entering consumer psyche as repair and cleaning functions both enjoyed rising sales.

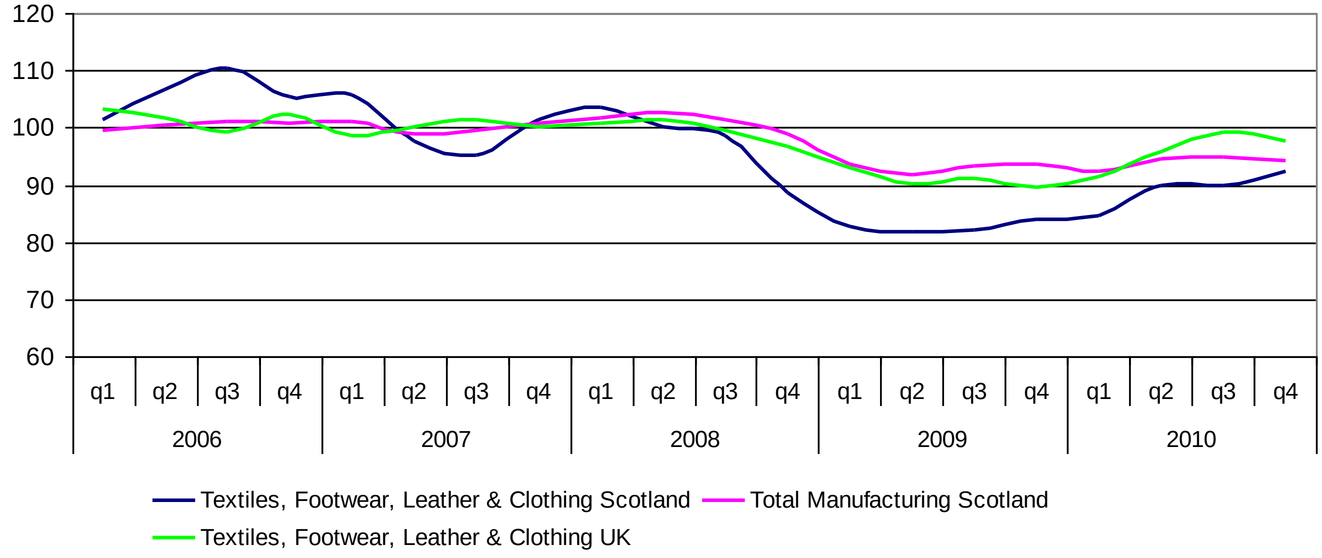
3.2.1.2 Productivity of fashion and textiles manufacturers in Scotland

The following graph indicates that since mid-2008 manufacturing in Scotland experienced a large reduction in the levels of production as the economic downturn impacted, with fashion and textiles down over 20% from peak to trough; a far greater contraction than experienced within

[12] Further information is available in the UK SSA 2010.

both Scottish manufacturing and UK fashion and textiles production. However, production levels in footwear, leather and clothing in Scotland have experienced slightly better performance in recent quarters, regaining much of the lost production levels to the period q4 2010 to return to over 90% of its pre-recession levels in 2007.

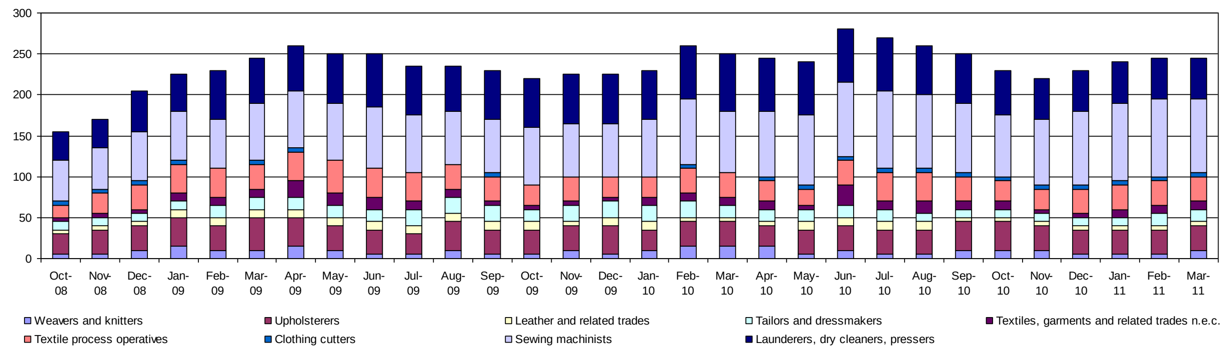
Figure 3.1 Scotland Index of Production (2007 = 100)



Source: Scottish Government

Also of note, the claimant count figures also offer an indication of continued issues within the labour market. As can be seen in the figure below, whilst economically, productivity growth has been achieved within the Scottish fashion and textiles sector, there remains a high number of claimants looking for work within the sector, these remain well above the levels seen before the recession impacted the economy in late 2009 and are currently persistent.

Claimant count for Fashion and Textiles related employment in Scotland



Source: DWP via NOMIS

Notwithstanding this, consultees highlighted that the availability of finance has been particularly problematic, especially among customers. On the supply side, businesses also have concerns about the recent rises in cotton prices. This has been exacerbated by floods in Pakistan and China, which have sent global cotton prices soaring to a 15-year high, which has led to rising raw material costs and tight supply.

3.2.2 Skills implications

The economic environment has led to rising levels of unemployment in Scotland. As a result, some parts of the fashion and textiles sector have seen an increase in the number of individuals applying for job vacancies. However, this has not been consistent across the sector. Some consultees feel that, unlike other countries, the economy has a range of other sectors where individuals can seek employment. As a result, in some instances there has been a decline in individuals seeking employment in the fashion and textiles sector despite the potential for employers to benefit from better qualified staff.

3.3 A Redefined Sector

3.3.1 Drivers

The fashion and textiles sector, and in particular the manufacturing sector, has experienced decline over recent years. This is highlighted in the following table, which shows that overall employment in the sector declined by almost a quarter (24%) between 2004 and 2008, with textile and clothing manufacture, contributing the largest losses in actual numbers.

Table 3.1 Trends in fashion and textile employment in Scotland

Sector	2004	2005	2006	2007	2008	% change 2004-2008
Textile manufacturing	10,000	9,000	7,700	7,800	7,400	-26%
Clothing manufacture	2,700	2,600	2,300	2,100	1,900	-29%
Leather and leather goods manufacturing	700	600	700	600	600	-8%
Agents involved in the sale of textiles, clothing, footwear and leather goods	500	300	300	700	400	-19%
Wholesale of hides, skins and leather	*	*	*	*	*	73%
Wholesale of textiles	600	500	500	400	400	-28%
Wholesale of clothing and footwear	2,200	1,700	2,000	2,100	1,700	-22%
Repair of boots, shoes and other articles of leather	300	200	200	200	*	-85%
Washing and dry cleaning of textile and fur products	2,500	2,700	2,600	2,700	2,300	-11%
Total	**19,600**	**17,700**	**16,400**	**16,500**	**14,900**	**-24%**

Source: ABI (n.b. Rounded to the nearest 100. * = disclosed as under 50 cases. Excludes self-employed. Due to methodological changes in 2006 and 2008, this data is not strictly comparable and for illustrative purposes only. % based on unrounded data. Please note the Annual Business Inquiry data within this table is coded to SIC 2003. It is therefore not directly comparable to the Annual Business Inquiry data in table 2.5 which is coded to the more recent SIC 2007)

3.3.2 Skills implications

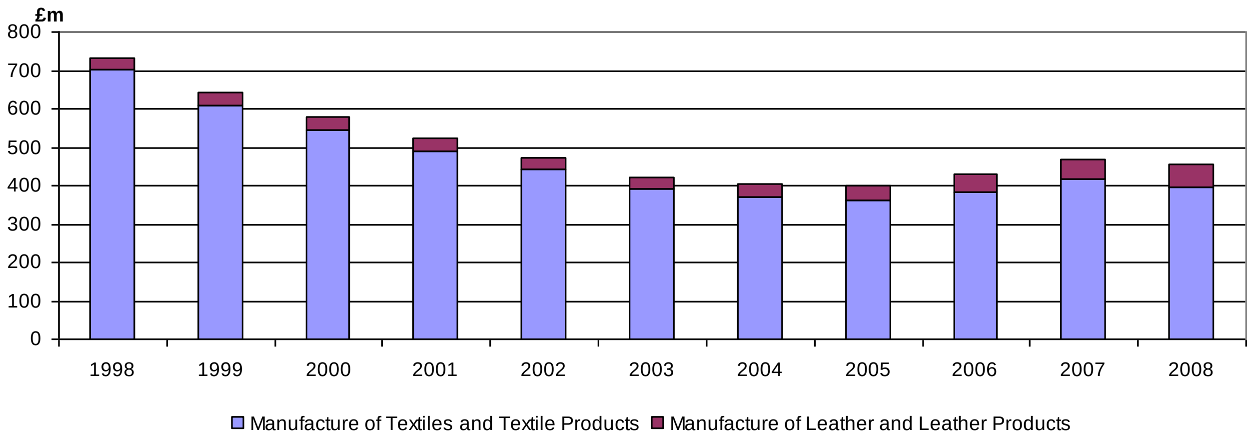
Consultations highlighted that the decline of the sector has resulted in a reduced network of infrastructure, for example a reduced pool of skills and a decline in training provision due to lower demand and fewer geographical clusters of businesses. In light of a reduction in the average workforce size, it has also increased the demand for multi-skilled workers who can carry out a number of tasks within a workplace.

3.4 The Role of Globalisation and a Move Towards Higher Value Added Products

3.4.1 Drivers

Globalisation of the supply chain in the fashion and textiles industry has been facilitated by a combination of the liberalisation of trade policy, the continued sophistication of communication and supply chain technology. In turn, this has driven structural changes within the sector, with resulting impacts upon margins and profitability: it has led to reduced profitability for the sector's manufacturing firms, particularly those involved in low value manufacturing, whilst creating opportunities for companies to reduce their manufacturing cost base through outsourcing and concentrating on higher value functions. This is indicated by figure 3.2 below that indicates how manufacturing GVA within Scotland has seen considerable falls in value, before slightly rising again from 2005 onwards as firms adjusted to these changes.

Figure 3.2 Scotland fashion and textiles manufacturing GVA by value 1998-2008



Source: ONS Regional Accounts

Notwithstanding this, there is also some evidence to suggest that businesses are increasingly demonstrating vertical integration. For example, a survey of Scottish textiles businesses conducted in 2007 found that over 40% of companies claimed they operate across all principal components of the industry value chain (i.e. design, manufacturing, and wholesale and/or retail).

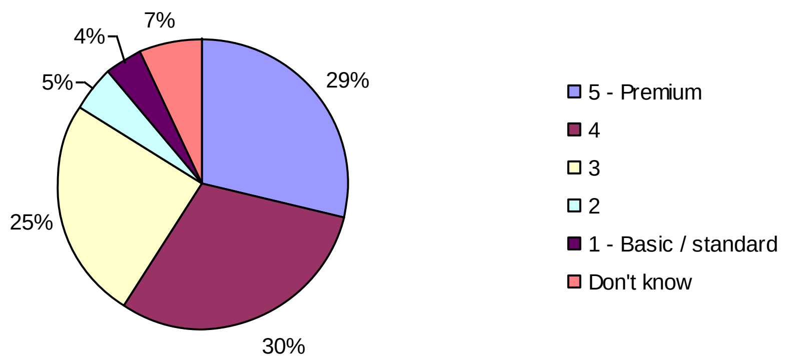
In light of increased competition, the Scottish cashmere industry has recognised that it is unable to compete directly on the basis of price and has therefore moved towards higher value, exclusive niche markets and specialised production,[13] whilst a number of Scottish designer

[13] Economic Impact of the Cashmere Industry in Scotland, 2007, Scottish Enterprise

brands have seen increased demand for their luxury cashmere in European markets. Similarly, the Scottish tartan industry is progressively seeking to move up the value chain, with a primary emphasis on design and quality[14].

Reflecting this, almost three fifths of employers across the fashion and textiles footprint who responded to the Scottish Employer Skills Survey 2008, regarded their products at the higher end of the quality scale.

Figure 3.3 Where fashion and textiles employers rate their products on the quality scale

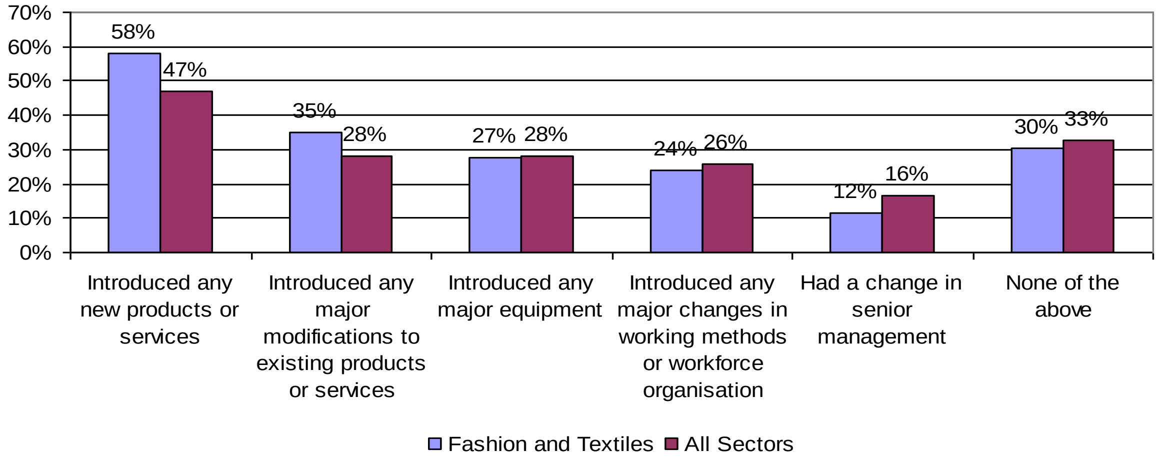


Source: SESS 2008

Importantly, how firms have responded to these competitive pressures and the environment within which they work is best reflected in figure 3.4 below. It illustrates how the product ranges of producers of Scottish fashion and textiles firms have been very responsive. Fashion and textiles businesses are more likely than employers in other sectors to have introduced new products or services (58%) or introduced any major modifications to existing products and services (35%). Reflecting the stability of the fashion and textiles workforce in Scotland, only 12% had seen a change in senior management.

[14] The Economic Impact of the Tartan Industry in Scotland, 2007, Scottish Enterprise

Figure 3.4 Whether establishment has over the past 12 months…



Source: SESS 2008

3.4.2 Skills implications

Globalisation has placed increasing pressure on the Scottish fashion and textiles sector in terms of competitive labour costs. As a result, a significant proportion of manufacturing employment, and associated skills, is being lost abroad. Firms have to place greater consideration on 'balanced sourcing', where a certain proportion of the manufacturing process remains in Scotland, whilst some moves overseas. This has direct implications on the types of skills required in Scotland, namely higher value-added skills. Research into the role of employers in sectoral skills development highlighted the need to develop a better qualified and skilled workforce in order to maintain growth and innovation[15]. There is also an increasing demand for individuals with out-sourcing knowledge in terms of the production environment together with knowledge of materials, plus supply chain management skills.

3.5 Diversification and the Rise of Technical Textiles

3.5.1 Drivers

In response to globalisation and the erosion of Scotland's traditional textiles base, businesses in the sector as a response have sought to diversify their operations and move towards the production of a wider variety of products, with higher value-added. In this vein, a key emerging market for the sector has been the rise of technical textiles, textiles which are created specifically for their performance, quality and longevity rather than their aesthetic appearance. In this area UK firms are looking to lead the market and is a supply driven area, relying on advances in textile technology. As examples, they can include textiles for automotive and aerospace applications, medical textiles, geotextiles, agrotextiles and protective clothing. In Scotland, it is estimated that there are 4,300 technical textiles businesses, which generate

[15] The role of employers in sectoral skills development, 2006, Centre for Labour Market Studies, University of Leicester

exports of nearly £23m and are exhibiting sustained high growth[16]. At a UK level, European Community data gathered by the Technitex[17] showed that in 2007, the UK was ranked fourth for technical textiles sales (€1.32b), behind Germany (€3.98b), Italy (€3.18b) and France (€2.51b) and just ahead of Spain (€1.08b).

3.5.2 Skills implications

If the technical textiles sub-sector is to grow effectively, there is an ongoing need for individuals capable of developing and commercialising new, innovative products and processes. The sector needs high-level technical and scientific skills, supported by ongoing research and development. This includes the attraction of Science, Technology, Engineering and Mathematics (STEM) graduates into the sector.

3.6 Fast Fashion and Responding to Consumer Demands

3.6.1 Drivers

The rise of fast fashion to satisfy changing consumer tastes has placed increasing pressures on companies to supply their retail markets. Research has identified two components to a fast fashion system, namely short production and distribution lead times which enable close matching of supply with uncertain/changing consumer demand; whilst secondly ensuring highly fashionable product design is met[18]. Indeed, evidence points to major retailers now beginning to manufacture closer to market at the expense of cheaper Asian production to ensure swift delivery of products to market. In many cases, designs are developed for each of the four seasons with lead production times of as little as 15 days from concept to stock in retail stores.[19] This has greatly impacted on the role of the design function to ensure that products are suited to the fashions developed that season and meet consumer demand for the latest styles.

3.6.2 Skills implications

In order to respond to the rise of fast fashion, firms have had to think carefully on how best and most quickly they can satisfy the changing needs of the end user. The sector needs to have a comprehensive understanding of its consumers, which will be facilitated by good commercial awareness and customer facing skills. In addition, the industry needs to have creative design skills, supported by flexible and efficient production practices.

[16] www.scotland.org/features/item/technical-textiles

[17] The current position of technical textiles in the UK, Byrne (Data is based on PRODCOM data, 2007)

[18] The Value of Fast Fashion: Quick Response, Enhanced Design and Strategic Consumer Behavior, 2010, Cachon, G and Swinney, R

[19] Zara Case: Fast Fashion from Savvy Systems, 2008, John M. Gallaugher

3.7 The Impact of Legislation and the Sustainability Agenda

3.7.1 Drivers

It is widely acknowledged that environmental concerns are a key challenge that the fashion and textiles sector must rise to meet. As examples there is the Climate Change Levy in the UK plus EU legislation such as the Regulation, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Integrated Pollution Prevention and Control (IPPC). Meeting environmental challenges will impact firms in a variety of ways, such as the availability of raw materials, transportation costs, energy use, water use and waste. For the laundry and dry cleaning sector, there is pressure to use different solvents that are more environmentally friendly. What is more, it has been noted that the environmental pressures on this sub-sector tend to lead to an increase in processing costs and as there is also a continuous pressure on prices, there is a need for larger scale operations[20]. Similarly, the leather industry faces a major challenge in addressing environmental concerns; typically only 20% of a raw hide provides actual leather, which consequently has significant environmental implications in terms of waste disposal. There is also heavy use of chemicals in the tanning process. In articles published by the European Commission, it is estimated that environmental protection costs the leather industry 5% of all operational costs. In light of this, there is evidence to suggest that tanners are adjusting their production towards higher quality output and high fashion content leathers[21].

46% percent of fashion and textiles businesses in Scotland[22] who invested in training recognised it was driven in some form by legislative needs, whilst research conducted by Skillfast-UK in 2009 highlighted that as well as legal regulations and the need to reduce costs, the sustainability agenda was also being used by employers to help differentiate their products from that of competitors and seen as an important marketing tool.[23]

Alongside environmental pressures, there is also increasing emphasis being placed on ethical standards, for example through industry affiliation with ethical standards bodies and labelling initiatives. Given that 90% of UK clothing is imported, many of the significant impacts are occurring overseas as well as in the UK[24]. What is more, the sustainability agenda is fuelled by a consumer pressure, which is, in part, stimulated by greater access to information on corporate activities, and increasing awareness of the environmental impact of firms.

3.7.2 Skills implications

As consumers increasingly take into consideration the environmental impact of the products that they buy, as well as social matters such as working conditions, businesses in the fashion and textiles sector will increasingly need to ensure that their products and processes are meeting this demand. The sector, therefore, requires individuals that understand how legislation and

[20] Together professionals can make a difference, 2009, (www.laundryanddrycleaningnews.com)
[21] Several EU regulations contribute to a more environment-friendly tanning industry, European Commission Enterprise and Industry
[22] Scottish Employer Skills Survey 2008
[23] *Material Impact - a study into sustainability skills for fashion and textile, 2009, Skillfast-UK*
[24] Sustainable clothing action plan, 2010, DEFRA

sustainability impacts upon businesses with the ability to be innovative and creative to allow businesses to effectively respond to these demands, thus maximising the opportunities presented by these changes.

3.8 Responding to Technological Advances

3.8.1 Drivers

The competitiveness of the fashion and textiles 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, lifecycle management and 'green technologies'. The importance of this movement within the sector is emphasised in a report into technology and innovation futures published by the Government Office for Science in 2010, which stated that "there are strong opportunities for growth in the UK economy if businesses can harness scientific and industrial capabilities to take advantage of technology-enabled transformations in manufacturing, infrastructure and the internet"[25].

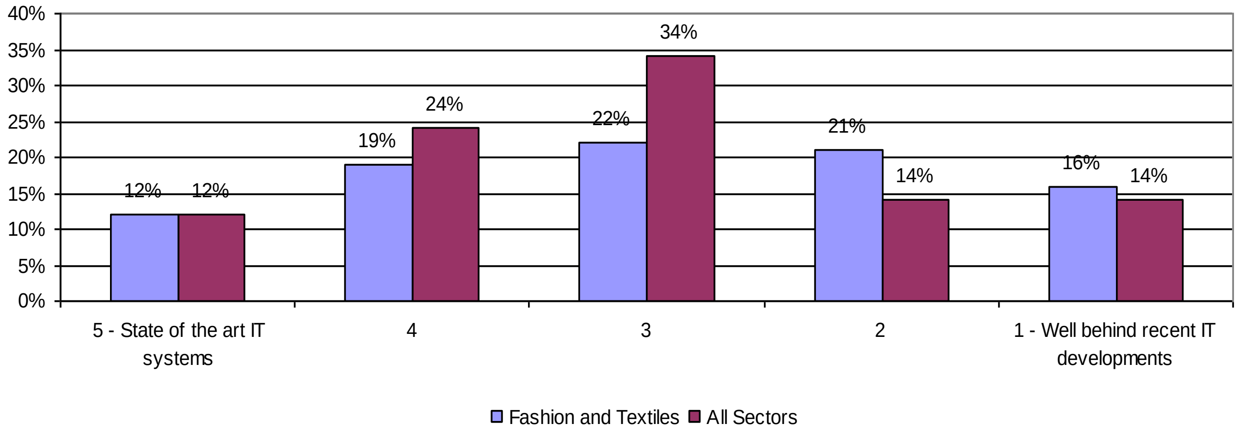
A comparative study of British and Italian woollen and worsted fabric manufacture, noted that British mills could offer quicker and more reliable delivery than their Italian counterparts. However, unit cost price was higher for British mills due to the exploitation in Italy of scales of production, vertical production control, working closely with machinery suppliers and excellent production engineering. The report also identified that the Italians appeared more innovative in all aspects of the business, for example equipment that was designed for one type of fabric had been adapted for another. The best Italian mills gain advantages in production by engaging in machinery design and adapting machinery to their own needs, in a way that is less evident in British mills[26]. Responding to technological advances will be key to all aspects of the fashion and textiles sector, but consultees in the technical textiles sub-sector, plus dry-cleaning and laundry sub-sectors particularly highlighted the impact of technology on their operations.

How fashion and textiles firms in Scotland have been influenced by these innovations is demonstrated in the latest figures from the Scottish Employer Skills Survey 2008. Illustrating how there is a broad spectrum of firms who have been able to take advantage of these technological advances, 31% of fashion and textiles respondents classed themselves in the upper two bands of using state of the art technology.

[25] Technology and Innovation Future: UK Growth Opportunities for the 2020s, 2010, Government Office for Science

[26] A comparative study of the British and Italian textile and clothing industries, 2003, DTI

Figure 3.5 Perceptions of IT structures



Source: SESS 2008

It is important to note however, that this represents there is still a demand for traditional production techniques, for example in respect of weaving and hand-tailoring hence the large numbers who feel well behind with recent IT developments. This is further emphasised by the fact 51% of Scottish fashion and textiles firms felt their products and services required hands-on technical and practical skills and required little automation.[27]

Consultees also emphasised the impact of online retailing and selling direct from source. For example, on a UK level, the latest figures from the Office for National Statistics show that in 2010, 52% of adults made clothing and sports goods purchases online, up from 37% in 2006[28]. This opens up the sector to new possibilities in commercial terms and increases firms' abilities to simulate their own demand through the easier management of production and supply chains. However, the internet can also facilitate a rise in competition as products become more accessible to consumers across the world. In recognition of the potential of online retailing, amongst others, Spanish clothing retailer Zara announced in 2010 that it was opening a new online store in the UK, plus France, Spain and Portugal[29].

3.8.2 Skills implications

The application of the latest technologies has major implications for the skills required by businesses in the sector. It presents an ongoing challenge for businesses and training providers to keep abreast with technological advances in order to ensure that the workforce is appropriately skilled and able to produce and sell competitive products, in terms of both cost and quality.

[27] Scottish Employer Skills Survey, 2008
[28] Annual abstract of statistics, 2010, ONS
[29] Online clothes shopping lures people from the high street, www.bbc.co.uk/news/business

3.9 Sector Image and an Ageing Workforce

3.9.1 Drivers

When asked about the image of the sector, consultees often commented that fashion and textiles was an 'invisible' sector. Further expanding on this, it was reported that many people do not appreciate the extent to which fashion and textiles manufacturing still exists in Scotland. In addition, consultees noted that young people are not aware of the range of jobs and careers available within the sector, an observation which was also cited in a recent reports by the British Fashion Council and the Textile Institute[30], nor are they aware of the extent to which the industry offers progression routes to higher value, technical roles. The exception to this is the design sector, which consultees felt had a much higher profile. Research conducted by the Textile Institute noted that students applying for fashion and textiles courses are often only aware of the more glamorous design related aspect of the industry, which is reflected in the popularity of design-based courses[31].

In addition, people also have poor perceptions of certain parts of the fashion and textiles sector. For example, the manufacturing and dry-cleaning sub-sectors are often seen as being old-fashioned[32].

Young people's perceptions of the fashion and textiles industry

Interviews were conducted with 750 young people aged 14-19 years old to explore their perceptions of the fashion and textiles industry. Key findings were as follows:

- Fashion and textiles was ranked ninth out of a selection of ten industry sectors in terms of its attractiveness as a career option.

- Young people are most knowledgeable about the role of a fashion designer and least knowledgeable about the role of a garment technologist.

- The job roles that young people know least about are the roles that employers are keen to recruit for and some will be areas of growth for textiles in the future.

- Upon hearing the job descriptions (without identifying the job roles), over 70% of young people thought fashion and textiles jobs sounded interesting.

The research concluded by stating that once young people are exposed to more in-depth information about what jobs in the fashion and textiles industry involve they are much more likely to consider a role within the sector[33].

[30] The Value of the UK Fashion Industry, 2010, British Fashion Council and Fashioning out future: Education in fashion and textiles in the UK, Textiles Institute
[31] Fashioning out future: Education in fashion and textiles in the UK, Textiles Institute
[32] Together professionals can make a difference, 2009, (www.laundryanddrycleaningnews.com)
[33] Generation F, 2009, Skillfast-UK

Further compounding this issue, the fashion and textiles sector is characterised by an ageing workforce and therefore recruiting young people into the sector is becoming ever more important. Over half of the Scottish fashion and textiles workforce is aged 45 years and over, which is 7% higher than the average for the UK fashion and textiles industry and significantly higher than the average across all sectors in Scotland.[34] In line with this, when compared to all sectors across Scotland, the fashion and textiles industry in Scotland also has a lower proportion of employees aged 24 years and under. Consultees highlighted that an ageing workforce is particularly prevalent within the manufacturing sub-sector. Notwithstanding this, it is important to note that the ageing workforce in the manufacturing sub-sector will have direct implications on those working in the design or fashion sub-sector. The design forum highlighted that an ageing workforce is also limiting the opportunities available to younger people entering the industry, for example anecdotal evidence suggests that some managers who are past retirement age can be unwilling to relinquish control of the business, resulting in less scope for career progression.

3.9.2 Skills implications

The ageing workforce has major implications for the sector and there is significant concern that as people retire from the workforce, certain skills will be lost and will be unable to be replaced in Scotland. This is particularly the case for the more traditional and technical skills, such as weavers. What is more, key occupations that are expected to contribute to the continued success of the sector suffer from a lack of awareness as to the role carried out. Consultees have concerns that those that do enter the sector do not have the full set of skills required to fill the roles.

3.10 Product Marketing and Scottish Heritage

3.10.1 Drivers

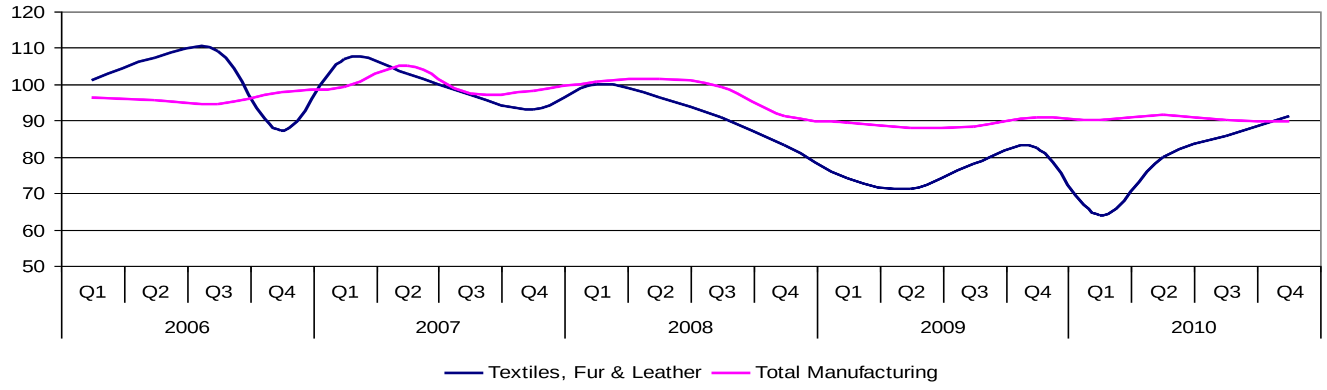
There is a distinctive 'Scottish style' recognised in world markets, which adds generally to the attraction of Scottish branded goods in segments such as formal outerwear and cashmere knitwear, along with traditional Scottish produced textiles such as hand loomed Harris Tweed in the Highlands and Islands and also kilt making. What is more, research noted that the UK look is imitated by Italian designers, using UK fabrics or products that are of similar quality and design[35].

Reflecting this demand, the value of the Scottish fashion and textiles export industry has remained relatively stable with HM Revenue and Customs collected figures highlighting that exports of key fashion and textiles products from Scotland totalled over £400 million in 2009[36], largely as result of improved export performance for apparel and clothing accessories.

[34] Please see the sector demographic information from the Annual Population Survey, 2009 in Annex A3
[35] A comparative study of the British and Italian textile and clothing industries, 2003, DTI
[36] Please see Annex A4

Data collected by Scottish government also emphasising how the current favourable market conditions have seen the Scottish export markets accelerate following the trough in q1 2010, enjoying greater growth rates than the wider Scottish manufacturing export markets and fuelled by global demand for Scottish produced fashion and textiles products.

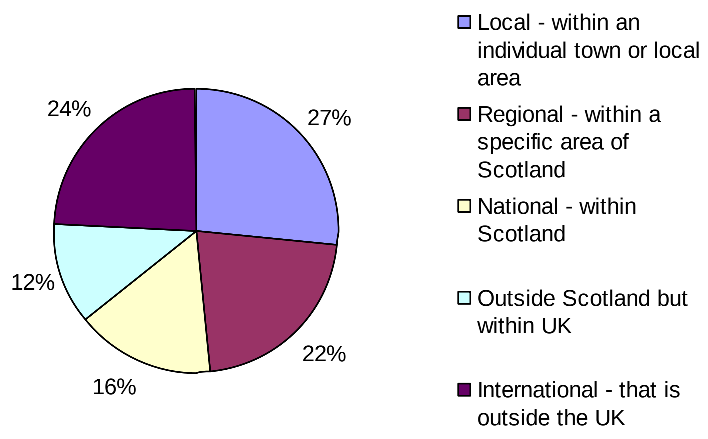
Figure 3.6 Index of Scottish exports



Source: Scottish Government

Quantitative data from the Scottish Employer Skills Survey 2008 confirms that fashion and textiles firms strategies are geared towards international markets. Over a quarter of firms looked towards international markets as their primary sales location with a further 12% looking to service UK markets outside of Scotland.[37][38]

Figure 3.7 Location of primary market for goods and services offered



Source: SESS 2008

[37] Please note these figures also include domestic facing services such as laundry and dry-cleaning and shoe repair within the sample
[38] Annex A4 reveals the key export markets for Scottish produced goods by Standard Industrial Trade Code

Consultations highlighted that traditional highland dress and tartan are a key component of the Scottish fashion and textiles industry and is key to the continuing success of the Scottish fashion and textiles industry. This was supported by research conducted in 2007, which found that tartan's overall contribution to Scotland's GDP was equivalent to approximately £350 million per annum[39]. In addition, the appetite for tartan and associated products and services amongst the Scottish diaspora, in the United States and Canada in particular, would indicate considerable scale of future opportunity for the industry.

The Scottish cashmere industry is also a key product area for Scotland. To ensure that it is successfully positioned within the global market, there is a need for producers to clearly differentiate themselves and their product ranges. To this end, the Scottish textiles sector recognises that the development of strong brands is a key mechanism for achieving a sustainable future for the industry. Globally, the Scottish cashmere industry already has a well-established recognition for its high quality products and there is significant demand from abroad for the 'Scottish' brand. The 'Cashmere Made in Scotland' promotion was first established in 1997[40], with a specific remit intended to focus on the 'competitive aspects of Scottish textiles – design, innovation and value added – to sustain and increase the business of cashmere made in Scotland'[41]. Subsequently, the initiative has underscored a range of promotional activity in a number of key market areas, such as Korea, Japan, USA, Italy, and Russia[42]. Importantly, the initiative is also synonymous with the 'Cashmere Made in Scotland' label, which can be used by members of the Cashmere Club to 'indicate and guarantee the quality of the product to both the retailer and the consumer'[43]. Previous research found that this type of branding activity was positive for the Scottish fashion and textiles industry[44].

Research conducted by Scottish Enterprise in 2010[45] recommended that more Scottish textiles companies should consider luxury (as opposed to fashion) in their strategic thinking. In particular, they should take advantage of new or enhanced brand narratives based around provenance, authenticity and responsible luxury. It also recommends developing a strategy to take coordinated action at a national industry / sector level to promote Scottish luxury consumer standards.

3.10.2 Skills implications

Maximising the benefits and impact of the Scottish tradition within the fashion and textiles sector requires specialist skills, for example an understanding of how to design and produce products that meet consumer demands, plus an ability to effectively market and sell these products in a way that builds upon the Scottish brand.

[39] The Economic Impact of the Tartan Industry in Scotland, 2007, Scottish Enterprise
[40] Evaluation of Cashmere Made in Scotland Promotion, 2001 – 2003, (2003), Scottish Enterprise Borders
[41] Cashmere Made in Scotland 2002 – 2005 Evaluation; (2007), Scottish Enterprise Borders
[42] ibid
[43] Economic Impact Assessment of the Cashmere Industry in Scotland, 2007, Scottish Enterprise
[44] Economic Impact Assessment of the Cashmere Industry in Scotland, 2007, Scottish Enterprise
[45] Textiles Global Trends Research, 2010, Scottish Enterprise

4.0 Skills Needs

This chapter identifies the skills needs of the fashion and textiles sector. In particular, it looks at recruitment and skills shortages and skills gaps. It also identifies the extent to which businesses are adopting succession plans to address the skills issues they are facing and will face in the future.

4.1 Identifying Skills Needs

SESS 2008 data suggests that only 36% of fashion and textiles employers have an annual performance review for all of their staff whilst only 31% of Human Resources staff employed by fashion and textiles firms takes into account training to a great extent. This compares with 52% of Human Resource managers across all sectors for whom training is central to their role. Without these mechanisms in place, it can be difficult for employers to formally and accurately identify the skills needs affecting their business.

A body of research has recently looked at high performance work practices, which are ways in which work practices can improve organisational performance, in terms of productivity and employee well-being. It aims to create a culture where skills are more efficiently used. One that has been adopted by the UKCES is Skills Utilisation and the 4As model emphasising access, ability, attitude and application. Please see Annex A5 for further information and how these measures affect Scottish employers.

4.2 Recruitment

On the whole, the fashion and textiles sector faces challenges in respect to recruiting individuals. The extent to which the sector has hard-to-fill vacancies and the challenges businesses face in respect of recruitment are highlighted in the following sections.

4.2.1 Staff retention

Staff retention within fashion and textiles businesses in Scotland is high with almost two-thirds having been in their position for the past five years, well above both the Scotland average and the wider UK fashion and textiles workforce.[46] This indicates the associated problems of an ageing workforce and the possibility of this workforce once retiring taking with them the tacit skills learnt through the years that are crucial for many firms.

4.2.2 Vacancies

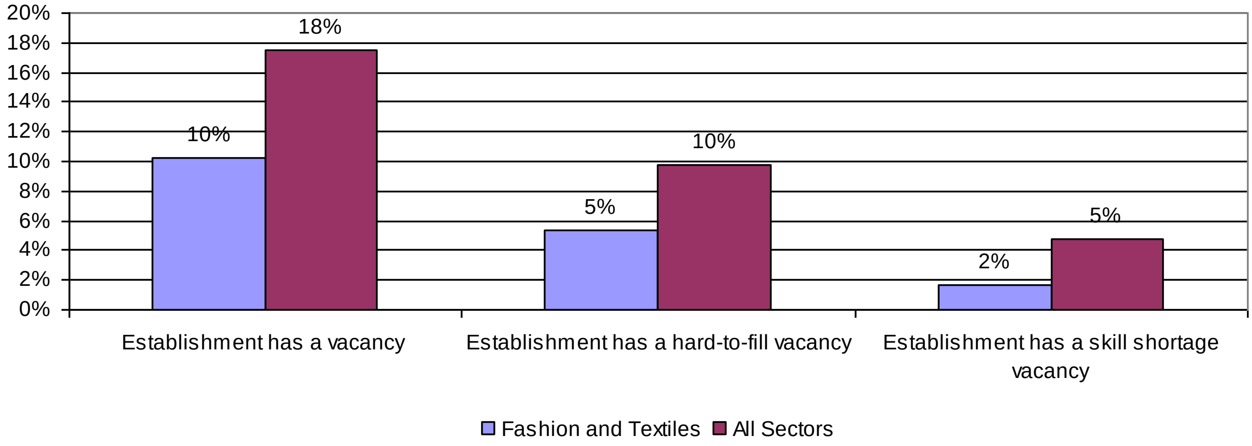
Consistent with these high retention levels, only 10% of fashion and textiles firms in Scotland reported a vacancy. The following figure shows that **vacancies, hard-to-fill and skills**

[46] Please see Annex A3

shortage vacancies within the fashion and textiles sector in Scotland are not particularly prevalent and are lower than the average vacancy rate for all sectors across Scotland. This lower level of vacancies in the sector may also reflect the significant decline of the industry over the last 15 to 20 years and the associated reduction in the workforce of companies that remain and with it, lower expansion demand as experienced in other sectors.

Over half of employers (55%) reporting a vacancy recognised these as hard to fill vacancies, above the all sector average (48%). Consultations did highlight a number of occupations and skills that are hard to access, which are likely to become harder to attain as older generations of the workforce retire (discussed later in this chapter).

Figure 4.1 Vacancies



Source: SESS 2008

4.2.3 Barriers to Recruitment

Explaining the prevalence of hard to fill vacancies; the fashion and textiles sector on the whole struggles to recruit people into the sector. Difficulties appear to be more prevalent for the traditional roles within the sector and particularly those within the manufacturing sector. In comparison, consultees suggest that there are a wealth of designers coming out of further and higher education; the issue here is whether the designers have the full spectrum of technical and business skills that employers in the sector require and whether individuals choose to enter the fashion and textiles sector. The findings of the Fashion and Textiles Employer Survey 2008 reinforced this case with 69% of fashion and textiles employers in Scotland who employed a designer believing recent graduates lacked technical skills and 77% believing they lacked the appropriate commercial skills the business needs.[47]

To summarise, the main challenges facing businesses that are seeking to recruit are highlighted below:

[47] Excludes don't knows

- **Geography:** Geography, and more specifically the location of businesses versus the location of the skilled workforce, is a challenge for the fashion and textiles sector in Scotland, particularly for businesses that are located in the Scottish Highlands and Islands. Their remote location limits the available labour pool or existing workforce from which to recruit new people. Consultees also highlighted that there can be a 'brain drain' of skilled young people from Scotland moving to London particularly for work in the sector.

- **Poor perceptions of the sector:** People have poor perceptions of the fashion and textiles sector. For example, the manufacturing and dry-cleaning sub-sectors are often seen as not attractive industries to move into and begin a career.

Attitudes to science and technology

ROSE is a research project that explores how young learners relate to science and technology. Given that the fashion and textiles sector is increasingly moving towards higher-value added and technical roles, there will be a requirement for young people with an interest in science and technology to enter the sector. However, the research found that young people in the richest countries are more ambivalent and sceptical towards science and technology. What is more, there is a growing gender difference, with girls, in particular in the richest countries, being more negative than boys and there is a generation shift, where young people, more than the adults, see the problematic sides of science and technology[48].

- **Low entry level wages:** The sector is also characterised by low entry level wages, which detract people from entering the sector, who would prefer to work in other sectors such as retail, where working conditions are more comparable to related pay. Latest figures from the Office for National Statistics show the median weekly wage for an employee within the manufacture of textiles in Scotland is £357 whilst in apparel manufacturing it is £255. This compares to £471 for Scottish manufacturing more generally.[49]

- **A lack of awareness of the career opportunities and progression routes within the sector:** Consultees noted that young people are not aware of the range of jobs and careers available within the sector nor are they aware of the extent to which the industry offers higher value, technical roles. There are also often perceptions that there are limited opportunities for career progression. However, consultees had mixed views on the extent to which this lack of awareness was also an issue for the design sector - some feel that this sub-sector has a much higher profile.

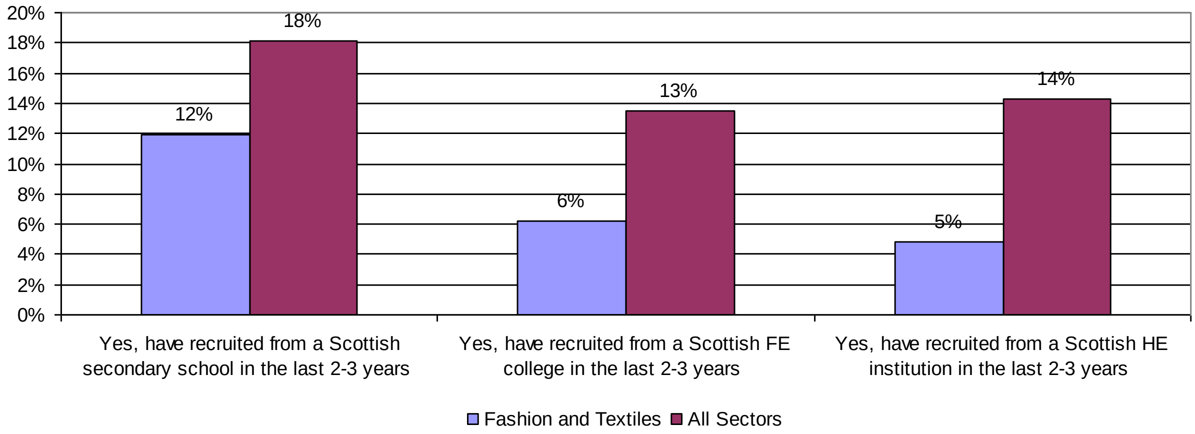
- **Poor industry links with education:** In part, the lack of awareness and poor perceptions of the industry stem from poor links between industry and schools as demonstrated in the recruitment of school leavers. In recognition of this, some Scottish textiles businesses in the

[48] The ROSE Project: An overview and key findings, 2010, Sjoberg and Schreiner

[49] ONS Annual Survey of Hours and Earnings 2010. Please note figures for Scottish Textile and Apparel Manufacturing are subject to tolerance levels of CV > 10% < = 20%

Borders are developing links with educational institutes but there is scope for more businesses to develop these links. Data from SESS 2008 encapsulates this issue and highlights the level of recruitment directly from education in the 12 months before the survey was undertaken. Whilst it must be noted that there are fewer vacancies occurring within the Scottish Fashion and Textiles sector compared to the all sector average and staff turnover is lower, a third less of employers have employed directly from school and less than half from either FE or HE than employers within the wider Scottish economy.

Figure 4.2 Recruitment from education in the past 12 months



Source: SESS 2008

- **Attractiveness of other sectors:** Recruitment throughout the UK is also considered to be more difficult because of the opportunities available within other sectors of the economy, offering better pay, job security and improved working conditions.

- **Lack of suitable education and training opportunities:** Finally, for most sub-sectors of the fashion and textiles industry, consultees felt that the education and training provision was not fully meeting the skills needs of the businesses within the sector. As a result, businesses are finding it very difficult to recruit staff that meet all of their skills requirements (this issue is discussed further later in this chapter and in the following chapter).

4.3 Skills Shortages

Skills shortages are defined as those vacancies that are proving hard-to-fill because of a shortage of candidates from the available labour market with the required skills, qualifications or experience. The Fashion and Textiles Survey of Employers 2008 highlights that **66% of businesses perceived they would face skills shortages if looking to recruit.** The study identified shortages at a number of levels but predominantly within associate professional level as well as for skilled trades and operative level jobs.

The overriding message from both the survey data and consultations is that employers are currently unable to attract candidates of a required calibre to these job roles with the skills required to undertake the job role. With an ageing workforce and an increasing demand for replacement staff forecast, employers' requirements for skilled staff will be more acute.

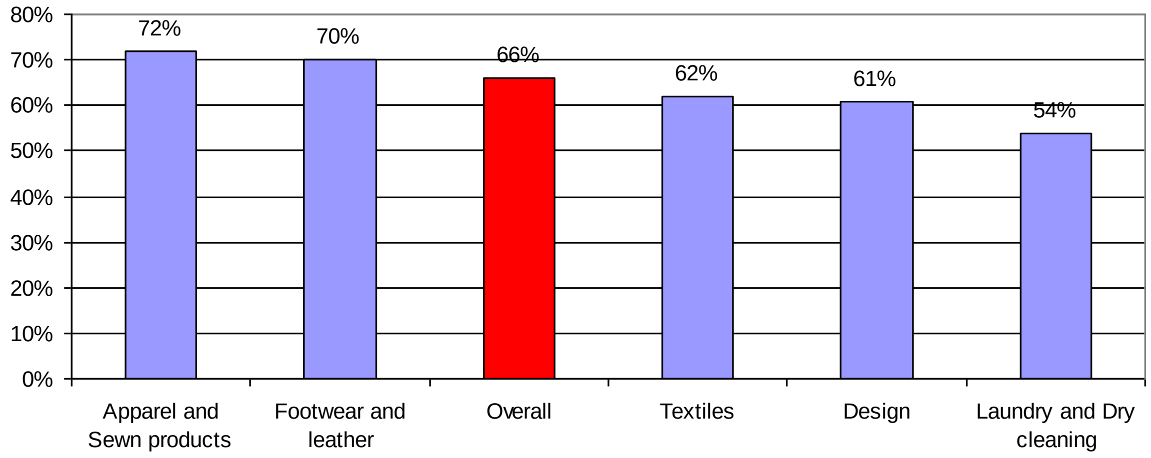
4.3.1 Skills shortages by geography

There is very little difference in the proportion of employers in the Scottish Highlands and Islands and the Scottish Lowlands identifying skills shortages (66% and 65% respectively). However, anecdotal evidence suggests that the causes of these shortages are different in their context, with businesses located on the Scottish Islands are more likely to experience skills shortages caused by the reduced labour pool available in these more remote areas.

4.3.2 Skills shortages by sub-sector

The following graph highlights that the apparel and sewn products sub-sector is most likely to report skills shortages with almost three-quarters of staff recognising they would encounter skills shortages when looking to recruit. This is followed by the footwear and leather sub-sector. In comparison, data suggests that the laundry and dry-cleaning sub-sector is the least likely to experience skills shortages although over half of employers report issues with skills shortages.

Figure 4.3 Skills shortages by sub-sector in Scotland



Source: Fashion and Textiles survey of employers 2008

4.3.3 Skills shortages by occupation

The Fashion and Textiles Survey of Employers 2008 identified shortages at associate professional level as well as for skilled trades and operative level jobs. The following table highlights the main issues reported by employers.

Table 4.1 Skills shortages by occupation levels

Level of skills	Occupation
Operative level	Sewn products operations
	Textile process operations
	Laundry and dry cleaning operation
Skills trades	Garment alteration and repair
	Pattern cutting and grading
	Hand craft garment making
Higher level technical skills	Designers
	Textiles technologists

Source: Fashion and Textiles employer survey, 2008

Each of these areas has a significant level of employment coupled with significant incidences of reported shortages. However, **there are also niche areas where companies employ relatively few people but still experience a high level of skills shortages; the footwear, leather and leather goods sub-sector, in particular, characterises this situation.**

4.4 Skills Shortages by Job Roles

Focusing on the incidence of skills shortages within particular occupations, the Fashion and Textiles employer survey 2008, highlighted that employers in Scotland believed that **skills shortages were pertinent to a large number of occupations** within the fashion and textiles sector.

The vast majority of employers employing textile operatives identified skills shortages if they were looking to recruit, with around three quarters of employers who had people employed within occupations such as sewn products operatives, handcraft garment makers, textile and fabric technologists, leather process operatives and production managers identified they would face skills shortages if looking to recruit.

Similarly, over half of employers that employ pattern cutters, samplers and dry-cleaners cited they would face difficulties recruiting due to skills shortages.

Even in activities such as design where, arguably there is a prevalence of individuals, over half of companies surveyed still identify skills shortages. In the case of design, this is in part down to graduates choosing alternative sectors within which to showcase their skills, their lack of business acumen and their lack of understanding of the manufacturing/production process.

Consultations also emphasised a range of skills shortages, many of which support the findings of the employer survey. Examples of the skills shortages identified during the consultations are set out below:

- A shortage of **supervisors**, particularly those that have comprehensive technical skills alongside good leadership skills.

- A shortage of **technicians and fabric technologists** was identified. These skills were identified as being important to all aspects of the sector but particularly the technical textiles and leather sub-sectors.

- In the apparel and sewn products sub-sector, there was a shortage of **pattern cutters and graders, hand-tailors, knitters, weavers, warpers and darners**. However, these skills shortages vary by geography, for example some businesses have noted that there are a lot of knitwear skills available in the Scottish Borders.

- **Engineers, for machine maintenance and operation,** are also in short supply within the laundry and dry-cleaning sub-sector**.**

- Cutting across the whole sector, **supply chain managers, dyers and screen printers** were also reported to be in short supply.

- In addition, as Scottish businesses increasingly build their brand awareness, there is a need for people to fill **brand development and management roles**. However, these skills are considered to be in short supply, particularly in areas such as the Scottish Borders.

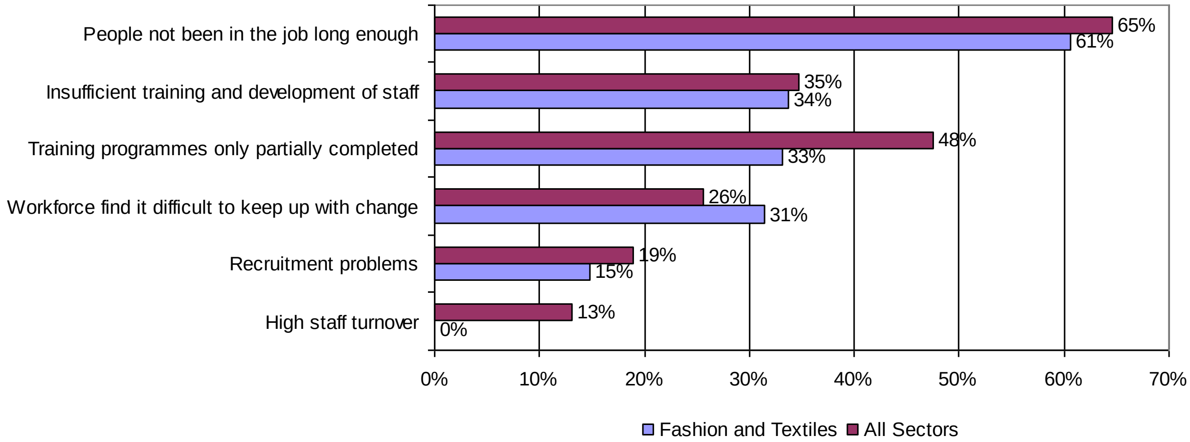
4.5 Skills Gaps

Skills gaps are skills deficiencies identified by employers within their existing workforce. Data from the 2008 Fashion and textiles employer survey highlights that **19% of establishments in the fashion and textiles sector in Scotland suffers from skills gaps.**[50]

The main reason for fashion and textiles employers reporting skills gaps is that people have not been in the job long enough (61%), illustrating the tacit nature of job roles within the sector and te difficulties employers face when experienced staff retire. Insufficient training and development of staff (34%), training programmes only being partially completed (33%) and the workforce finding it difficult to keep up with change (33%) were all contributory factors.[51] In keeping with the lower level of vacancies reported, high staff turnover was not seen as a contributory factor to existing skills gaps within the workforce.

[50] Data from SESS 2008 records skills gaps at 15% compared to 20% within all sectors.
[51] SESS 2008

Figure 4.4 Causes of skills gaps

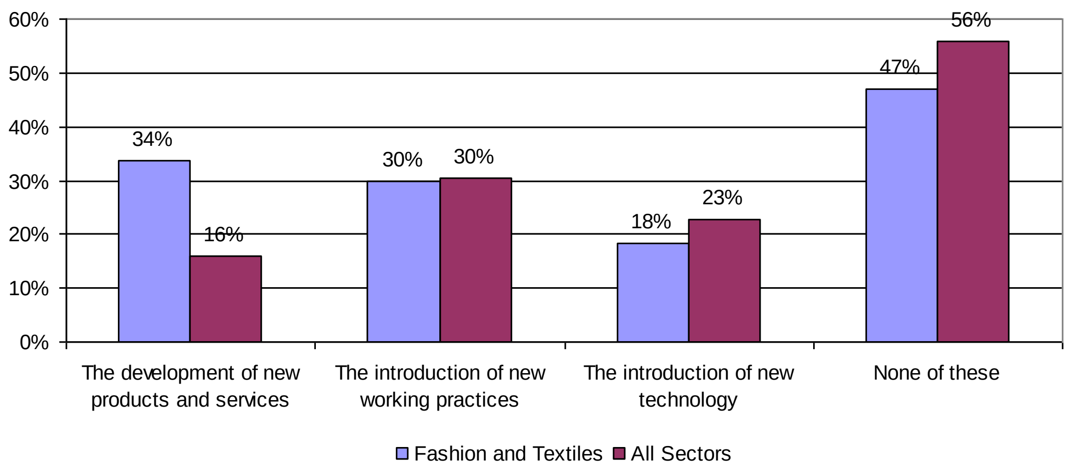


Source: SESS 2008

Reasons for skills gaps

Further building on this finding, fashion and textiles employers were asked if there were any reasons related to working practices that caused skills gaps to emerge. Whilst 47% of fashion and textiles employers responded that none existed, 34% cited skills gaps were due to the development of new products and services, a finding that is double the average for all sectors. Consistent with the findings and borne out from the consultations and the drivers identified, this reinforces how firms within fashion and textiles are now being innovative in their practices in responding to competitive pressures and the reconfiguration of their businesses. The introduction of new working practices (30%) and new technologies (18%) were also cited as major reasons skills gaps appeared within fashion and textiles workplaces and also build a picture of how the sector is developing.

Figure 4.5 Reason for skills gaps



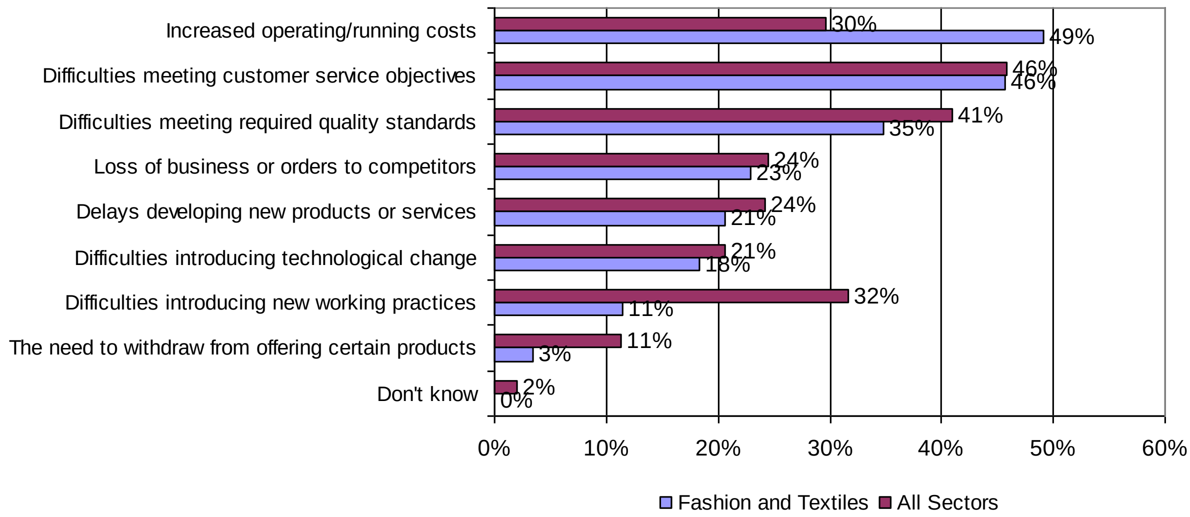
Source: SESS 2008

Impact of Skills Gaps

How these existing skills gaps impacted on fashion and textiles firms within the sectors is highlighted by the survey data illustrating how **skills gaps lead to a far higher level of increased operating costs** when compared to the all sector average.

Other key issues highlighted stemming from skills gaps include **difficulties meeting customer service objectives (46%)**, **difficulties meeting required quality standards (35%), loss of business or orders to competitors (23%) and delays developing new products or services (21%).**

Figure 4.6: Impact of skills gaps



Source: SESS 2008

4.5.1 Skills gaps by geography

Employers in the Scottish Highlands and Islands (22%) are more likely to face skills gaps than those in the Scottish Lowlands (17%).[52] Anecdotal evidence from consultees also supports this finding. They emphasised that the remote location of businesses in the Highlands and Islands often means that businesses have a smaller workforce from which to recruit skilled individuals from. In addition, training provision is often less accessible. These factors mean that skills gaps in these areas can be more prevalent.

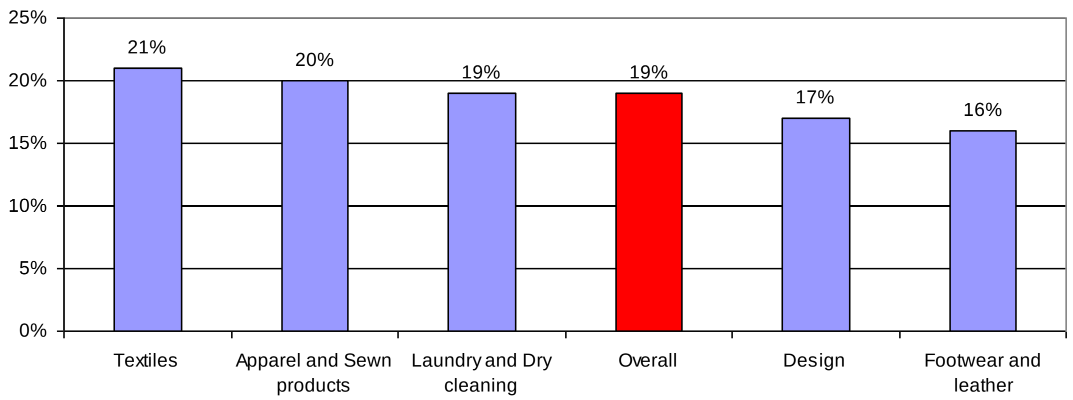
4.5.2 Skills gaps by sub-sector

Analysis of skills gaps by sub-sector, illustrated in the graph below, indicates that approximately **one fifth of employers in the textiles, and apparel and sewn products reported skills gaps, which is slightly higher than the sector average in Scotland. In comparison, companies in the design and footwear & leather sectors are marginally less likely to**

[52] Fashion and Textiles Survey of Employers 2008

experience skills gaps. In the case of the former, this is down to the popularity of the sub-sector and the larger pool of individuals to select from, whilst for footwear and leather there is a greater prevalence of experienced workers in what is becoming a small contributor to employment in the fashion and textiles sector as a whole in Scotland.

Figure 4.7 Skills gaps by sub-sector



Source: Fashion and Textiles Employer Survey 2008

4.5.3 Generic skills gaps

4.5.3.1 Management and leadership skills gaps

Although a range of generic skills gaps were highlighted through the research process, management and leadership skills were considered to be key in the ensuring continued sustainability and contribution to the national economy. Data from SESS 2008 highlights that **45% of businesses experience gaps in strategic management skills.**

What is more, **41% of businesses in the fashion and textiles sector in Scotland identified improving management leadership and supervisory skills as a key priority**[53].

The consultations highlighted a mixed picture in terms of skills gaps in management and leadership skills noting that many managers have excellent textiles knowledge but lack business acumen; this was particularly evident among designers. On the other hand, some managers have good business acumen but lack textiles knowledge, for example this was observed within the laundry and dry-cleaning sub-sector. In addition, consultees recognised that a small number of businesses have effective, all round management.

The consultations and secondary research[54] highlight a number of reasons as to why there may be gaps in management and leadership skills. Consultees often noted that many businesses were "stuck in their ways". This collaborates with the research conducted by the Work Foundation that highlighted that firms who are more likely to have undertaken skills utilisation

[53] Fashion and Textiles Survey of Employers 2008. Please see pg.58 for a full overview.

[54] Why do management practices differ across firms and countries?, 2010, Nicholas Bloom and John Van Reenen (in Journal of Economic Perspectives, volume 24) and The Value of the UK Fashion Industry, 2010, British Fashion Council

measures are more likely to be younger firms open to new management techniques[55]. They also emphasised that it is common for individuals in the sector to progress from a textiles production background into management without any formal management training to support this transition. In addition, fashion businesses can start up and move very quickly without time to develop sufficient business skills.

Research conducted in 2010 also found that firms that are family-owned and therefore passed down through generations, plus those that less intensively use human capital, as measured by fewer educated workers, tend to have poorer management practices. Both of these characteristics are evident in the fashion and textiles sector. However, some consultees held the view that businesses which have survived the recent challenges that have faced the sector "must be doing something right". In addition, research stated that firms that experience intense product market competition and those that export tend to have better management practices.

Measuring management practices

Research[56] conducted in 2007 developed a mechanism for measuring and scoring management practices across manufacturing industries, where one is the worst practice and five is the best practice. The research found that the United States has the highest management practice scores on average, followed by Germany, Japan, Sweden, and Canada and then followed by a block of mid-European countries—France, Italy, Ireland, the United Kingdom, and Poland. At the bottom are countries in southern Europe like Greece and Portugal, along with developing countries like Brazil, China, and India.

However, although US firms score particularly highly for people management, Germany, Japan and Sweden, closely followed by the UK, Italy and France do better in shop floor operations. A range of key manufacturing practices are identified and of these, on average, the UK's strongest area of its management is in respect of performance tracking, however it still falls below France, the US , Italy and Germany on this measure. In comparison, instilling a talent mindset and building a high performance culture are the aspects that the UK performed most poorly on, which is also the case for Italy.

The research also found that the overall performance of most countries is determined not by the performance of its leading companies, but by the size of its 'tail' of poor performers; a statement that was also supported by a selection of consultees.

For a full introduction to the 18 measures, please refer to annex A6.

What is clear, however, is that changes in management practices lead to significant improvements in performance in terms of productivity, profitability, growth rates, survival rates

[55] People and the Bottom Line, 2008, P Tamkin, M Cowling, W Hunt

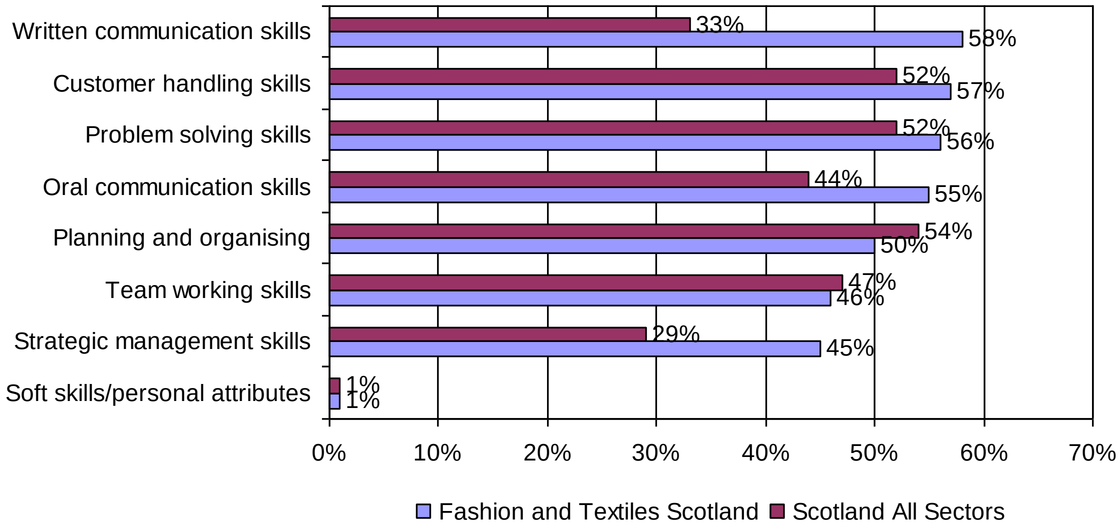
[56] Management practice and productivity: Why they matter, 2007, Centre for Economic Performance and McKinsey & Company

and market value, and the reason firms most frequently suggested for not introducing these practices was simply "lack of awareness" of these[57].

4.5.3.2 Other generic skills gaps

Data from SESS 2008, supported by consultations, highlighted that **where fashion and textiles employers in Scotland have identified a skills gaps, these are more pronounced across almost all generic skills when compared to the all sector average for Scotland**. In particular, the following graph highlights that over one half of businesses in the Scottish fashion and textiles industry has skills gaps in written communication (58%), customer handling (57%), problem solving (56%) and oral communication (55%). One area where the fashion and textiles sector performs better than the all sector average is in planning and organisation skills, although this is still a skills gap for half of surveyed employers. Consultees also highlighted generic skills gaps in IT, numeracy and financial management.

Figure 4.8 Generic skills gaps



Source: SESS 2008 (base: all employers identifying a skills gap in their workforce)

[57] Why do management practices differ across firms and countries?, 2010, Nicholas Bloom and John Van Reenen (in Journal of Economic Perspectives, volume 24)

4.6 Sector Specific Skills Gaps

The fashion and textiles employer survey highlights that over one half of businesses that employ people in laundry maintenance and textiles process occupations cite having skills gaps within these occupations. In respect of the laundry sub-sector, consultees cited that significant technological advances and the increased need for different electrical skills as the key reason. These two skills areas are required in laundry maintenance but are not taught in conjunction with each other.

A quarter of employers who employed production managers also cited skills gaps, whilst designers, textile and fabric technicians, pattern cutters and supply chain managers were also subject to incidences of skills gaps.

Interestingly, whilst subject to large levels of skills shortages, sewn product operatives were seen to be less likely to have skills gaps than other occupations within fashion and textiles, this demonstrates the tacit, technical nature of this role, combined with the skilled existing workforce within this role currently.

Consultations highlighted that there is an increasing need for individuals in the sector to understand the different elements of the industry and to be able to multi-skill.

With this in mind, sector-specific skills gaps that were identified through consultations were as follows:

- Gaps in **fabric technology skills** were identified across most sub-sectors.
- Amongst sales and customer service roles, businesses identified a lack of **highland dress knowledge** (e.g. the manufacturing process and history of the products).
- Consultees in the laundry and dry-cleaning sector also noted gaps in **engineering skills, plus stain removal and garment finishing**.
- There is a concern that the **traditional skills**, such as pattern cutting, weaving, darning, knitting and hand-tailoring, are being lost as technology plays a greater role.
- In a similar vein, there is also a view that many designers lack sufficient understanding of fabric properties and the raw materials, which is partly the result of technological advances. Notwithstanding this, consultees also felt that the **IT, programming and technological skills** among designers could be improved**.**
- There is also concern that there are insufficient **production management skills and a lack of understanding between designers and manufacturers**. This is supported by findings from the design forum and research into the UK Designer Fashion Economy, which noted that designers and manufacturers have mismatched expectations and don't understand each

others' business operations. In particular, it identified tensions in respect of on-time delivery, quality, costs, lack of specialist skills and lack of investment in technology[58].

4.7 Addressing Skills Needs

Consultees highlighted a range of mechanisms for addressing skills needs, for example businesses cited that they are delivering in-house training to improve skills or encourage multi-skilling and others are out-sourcing elements of their work. Within the technical textiles sub-sector, in order to overcome the skills gaps evident within the sector, businesses are seeking to recruit individuals from outside the textiles sector. Consultees also stated that businesses are still using migrant workers to address skills needs. This is supported by data from the Annual Population Survey 2009, which shows that nine percent of the fashion and textiles workforce in Scotland are non-UK nationals. Whilst some consultees feel that the number of migrant workers in Scotland's fashion and textiles sector is remaining high, others feel that the availability of migrant workers has declined as many have returned to or stayed in their home nations. This is evidenced form the latest data from the ONS that has shown a steady continued decline in migrant workforce numbers since the economic conditions began to falter. Consultees felt this is considered to be partly due to the economic recession and partly due to increasing opportunities and quality of life within their home nations.

Going forward, one of the key drivers of skills needs is the ageing workforce that characterises the fashion and textiles sector throughout the UK and one that is a particular problem for the sector in Scotland. Annual Population Survey data highlights 54% of the fashion and textiles workforce is over 45.[59] There is **significant concern that as individuals retire, certain skills will be lost**. Consultations highlighted that businesses are very aware of this issue, yet, however, on the whole, **the level of succession planning is insufficient** and many businesses do not have plans in place to address their future skills needs. Consultations suggested that one of the main reasons for this is that many businesses have a much shorter term strategies that focus on survival. Notwithstanding this, some businesses are offering in-house training to multi-skill existing staff or to develop management and leadership skills among younger staff, which will go someway to addressing future skills gaps and shortages.

[58] The UK designer fashion economy, 2008, Centre for Fashion Enterprise and NESTA

[59] Please see Annex A3

5.0 Skills Supply

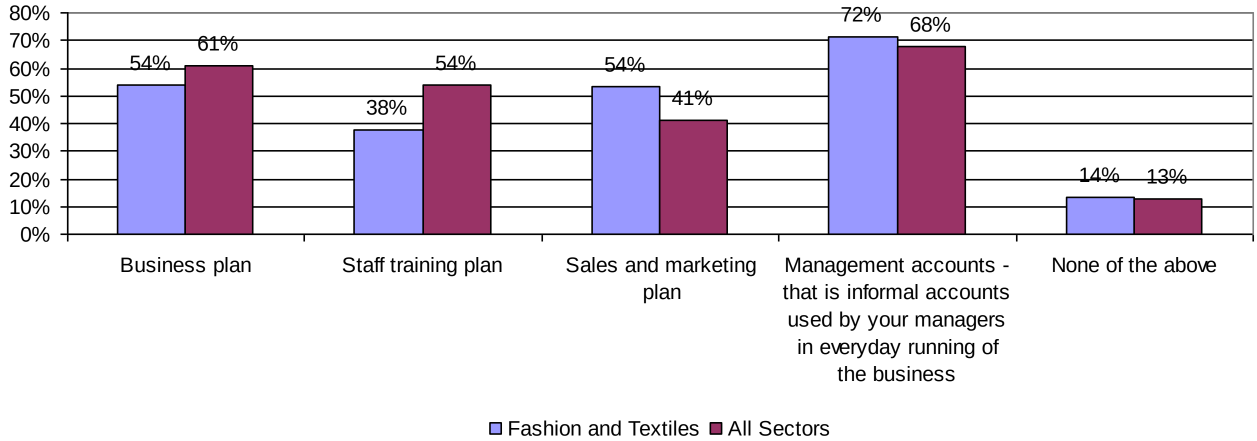
This section provides a brief assessment of the training provision for the fashion and textiles industry in Scotland. In particular, it looks at how businesses identify their training needs, the extent to which training provision meets the needs of businesses in the sector and the barriers businesses face in accessing or providing training.

5.1 Identifying Training Needs

In order for the impacts of workforce development and training to be maximised by participant businesses, it is important that the skills needs of staff are suitably identified. Businesses can adopt a variety of approaches and mechanisms to identify staff training needs including business planning, training needs assessments (TNA), internal staff appraisals and the employment of a training manager.

However, evidence from the consultations has served to highlight the limited use of such approaches. It was stated that training needs were more commonly identified on an ad-hoc basis as and when issues arise. This is supported by SESS 2008 data, which highlights that only **38% of businesses in the fashion and textiles sector in Scotland have a staff training plan in place** and only **36% have formal staff performance reviews**.

Figure 5.1 Internal business activities



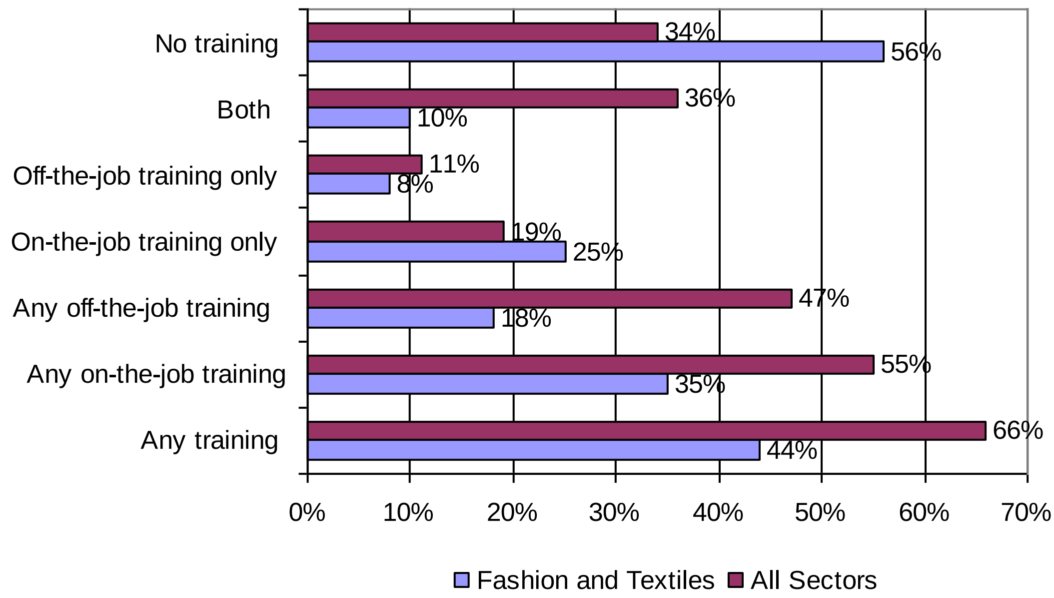
Source: SESS 2008

Businesses are receiving support from Scottish Enterprise to identify their training needs and larger businesses do have much more formal mechanisms in place. Given that the fashion and textiles sector within Scotland is dominated by small and medium enterprises (SMEs), it would be expected that the use of formal training assessment processes would be limited. This trend also applies to the ring fencing of a training budget, which only happens in a small proportion of fashion and textiles companies in Scotland. SMEs are more concerned with short-term survival under current economic conditions and the presence of a training budget is viewed by many as a 'nice to have' rather than a 'must have'.

5.2 Training Provision

The following graph identifies employer propensity to engage in formal training activities and the mechanisms they prefer in respect of delivery. It shows that **over half of respondent fashion and textile businesses (56%) do not undertake training**, and **only ten percent deliver both on and off-the-job training,** which differs significantly from the all sector average of just over one third (35%) and 36% respectively. Of those businesses that do undertake training, one quarter only deliver 'on the job' training. Again, this would be expected in a small sector dominated by SMEs as it can be a significant strain on resources to release staff for external training, much of which is delivered over a period of days.

Figure 5.2 Employer propensity to train staff



Source: SESS 2008

When employers were asked to identify their reasons for not training, just over two fifths stated that staff are already fully proficient and have the pre-requisite skills for their role. A third considered that training was not required in their business. To a certain extent, this is at odds with findings from the consultations, which highlighted that employers in the sector are aware of the need to provide training opportunities for their staff, but are currently hampered by a lack of available funding to support the delivery of either in-house or external provision.

Consultations have served to highlight a number of other factors that influence the effectiveness of training provision. Mixed views were expressed in relation to these factors, which are discussed below.

5.2.1 Availability

Clusters of fashion and textiles businesses enable economies of scale to be exploited in terms of delivering face-to-face training. There are still a number of clusters in Scotland, for example in the Scottish Borders, however, in general, the decline of the fashion and textiles industry has led to a dilution of fashion and textiles clusters. As a result, consultees frequently highlighted that the fashion and textiles training sector suffers from **a virtuous circle of insufficient demand for courses and insufficient courses being delivered**. As examples, businesses highlighted a lack of external training specifically tailored to operatives in the sector, insufficient courses that are tailored to the technical textiles sub-sector, and a lack of Continuing Professional Development courses appropriately targeted at the textiles industry.

The British Fashion Council[60] notes that the UK is distinguished by the strength of the fashion education system, which offers world-class support in nurturing the creativity of would-be designers. Supporting this, the design forum believed that there are too many fashion and textiles design courses on offer in Scotland. Higher Education Statistics Authority data for 2008/9 illustrates how over 1,000 students enrolled on clothing/fashion or textile design courses in Scottish institutions. However, on the whole, consultees held the view that **the provision of education and training for the fashion and textiles sector was insufficient.**

5.2.2 Content

There is an ongoing need for accredited courses and wherever possible, some form of consistency across the fashion and textiles sector in terms of standards. What is more, the design forum suggested that courses currently on offer in Scotland do not stand up to those on offer internationally. Many businesses in the fashion and textiles sector were also concerned that qualifications available to the fashion and textiles industry were not always appropriate to their company's needs.

What is more, there are still gaps in the content of fashion and textiles courses. Consultees often highlighted that people coming out of fashion and textiles education and training do not have the full set of skills required by businesses. Most commonly individuals felt that **fashion and textiles courses had a lack of entrepreneurial training**. This is also emphasised by a view that the number of visiting lecturers, who would typically provide industry knowledge, has declined. In addition, there is concern associated with the level of industry knowledge held by lecturers that have worked in an academic, rather than industry, setting for many years. Designers feel that students lacked business knowledge, with strong feelings that as a result of not sufficiently building commercial knowledge and understanding into education and training, students were often not fully prepared for industry. This is supported by research commissioned by the Crafts Council, which explored the early careers of more than 600 graduates in crafts subjects[61]. It found that only half felt prepared for the world of work on leaving their courses and that work experience established at university was an essential career facilitator. In addition, the design forum noted that the design courses available offer too much creative freedom and therefore do not teach students to work commercially.

There was also concern that **many fashion and textile programmes focussed heavily on the design components at the expense of textiles knowledge and technical expertise**.

[60] The Value of the UK Fashion Industry, 2010, British Fashion Council
[61] Crafting Futures: A study of the early careers of crafts graduates from UK higher education, 2010, Crafts Council

However, despite a demand for technologically based skills among businesses in the sector, the number of textile technology programmes and the number of enrolments onto these courses is in decline, whereas there is an over abundance of design degree programmes[62]. This was also supported by the Fashion and Textiles Employer Survey 2008, which noted one of the key skills priorities identified by over a third of employers was to find colleges or training providers that can deliver relevant training in technical skills.[63]

Research into education in the fashion and textiles industry supported these findings. It noted that there is still a demand for well-qualified employees in the industry but there is a mismatch between the needs of the sector and the skills of some of the graduates. It recognised that design is a valuable element of the fashion and textiles industry but that not every graduate is going to be the next big name in design and therefore **education and training providers should ensure that students have the appropriate portfolio of skills including a sound understanding of information technology, textile technology and technical processes.** However, design graduates often do not possess the skills or the industry-specific vocabulary to be able to engage in this important aspect of activity.

Consultees also highlighted that **as technology and skills become more sophisticated, education and training providers are often unable to invest in the expensive technology** and equipment required to teach students the latest techniques.

As a result of the gaps in education and training provision identified above, **employers across Scotland are frequently having to invest in on-the-job and in-house training** in order to ensure that individuals are better prepared to undertake their role. Similarly, consultees suggested that there is an increased need for individuals to attend short courses and undertake continuing professional development.

5.2.3 Delivery mechanisms

The delivery mechanisms adopted for training in the fashion and textiles sector is a key factor influencing the effectiveness of provision. In some cases, individuals felt that the training was there but that there was a need to package it better to improve access. **The strengths and weaknesses of on-site, off-site and online training were often discussed, resulting in mixed views**. Consultations highlighted that delivering on-site training can be beneficial to businesses as employees do not need to spend long periods of time away from the business, however individuals often find that they are not able to dedicate their time entirely to training and instead try to engage in the day-to-day issues of the business at the same time. However, consultees in Scotland were concerned that in some cases, insufficient time was invested in ensuring that in-house training materials were up-to-date, particularly in light of changing legislation and technology. In light of this observation, 42% of Scottish fashion and textiles businesses identified that improving the quality of their in-house training through the development of in-house coaches was a key skills priority.

[62] Fashioning our future: Education in fashion and textiles in the UK, Textile Institute

[63] Please see pg.58

On the other-hand, off-site training will ensure that individuals are focussed on the training but it can have a detrimental impact on individuals' ability to complete work to meet deadlines, hence the low numbers that participated in off-the-job training. In light of these issues, many consultees suggested that bite-size chunks of training were often more appropriate than full day training courses. Online training is also becoming more common; the advantage of this is the flexibility it affords, however self-teaching does have its limitations.

In particular, **consultees frequently cited the importance of practical experience and as a result were very supportive of Apprenticeship schemes.** However, there is little financial support or incentives for businesses wishing to take on an apprentice and increased workforce mobility can make these schemes less attractive to businesses. On the other-hand, Italy and Germany, as examples, have training systems geared up to vocational learning.

A representative from the laundry and dry-cleaning sector praised the SVQ model for training individuals in the fashion and textiles sector. The key benefits of this approach were its practical nature and flexibility. However, other consultees felt that the level of paperwork to evidence skills was too onerous, particularly for individuals that have been working in the sector for sometime.

5.3 Barriers

Consultations highlighted that many businesses acknowledge the importance of training, but in spite of this they do not always invest sufficient resources. Notwithstanding this, representatives from certain sub-sectors, such as laundry and dry-cleaning, believe that there is still someway to go to in encouraging businesses to recognise the importance of and need for training.

The main barriers to accessing or providing training that were cited during the consultations were as follows:

- **Geography:** Geography, and more specifically the location of businesses versus the location of training provision, is a challenge for the fashion and textiles sector in Scotland, particularly for businesses that are located in the Scottish Highlands and Islands. For example, businesses on the Scottish Islands often have to travel to the mainland, and sometimes even as far as the Scottish Lowlands or England, for external training opportunities. Instead, there is a higher tendency for in-house training. The design forum also highlighted that the location of some training providers can be an issue in attracting the right calibre of student.

- **Availability of suitable training provision:** As covered in the section above, a lack of suitable training provision creates a significant barrier to businesses seeking to access training.

- **Cost:** As highlighted earlier in this chapter, businesses in the fashion and textiles sector are less likely to have funded training for staff. The cost of training, particularly in light of government funding cuts, is a key barrier for many businesses. In addition, the costs associated with allowing staff to spend time away from their day-to-day role often prevent businesses from undertaking more training. This has been heightened as businesses reduce the size of their workforces.

- **Time:** Consultations highlighted that delivering on-site training can be difficult for businesses in the fashion and textiles sector as they are not able to dedicate their time entirely to training and instead try to engage in the day-to-day issues of the business at the same time. On the other-hand, businesses also find it difficult to allow staff to participate in off-site training as this can have a direct impact on their ability to complete work to meet deadlines. In light of these issues, many consultees suggested that bite-size chunks of training were often more appropriate than full day training courses. Some consultees also suggest that the requirements of some training courses can be significant, for example in terms of compiling portfolios. It is important to note that these barriers can be present for trainees and trainers alike, for example if a business' member of staff is required to deliver the training.

- **Awareness of training:** Consultees highlighted that some employees, particularly the older workforce, did not appreciate the need for training. In addition, some companies within the fashion and textiles industry do not recognise the importance of and need for accredited training. As an example, representatives from the laundry and dry-cleaning sub-sector believe that there is still someway to go to encourage businesses to acknowledge the importance of training.

6.0 Anticipating What Lies Ahead

This chapter looks at the future of the fashion and textiles sector in Scotland. It starts by assessing the growth potential for the sector, followed by consideration of future skills needs. It also identifies possible actions required by the sector.

6.1 Growth Potential

6.1.1 Opportunities

The following tables summarises the opportunities facing the fashion and textiles sector, as a whole, in the future. The specific opportunities facing the different sub-sectors of the fashion and textiles industry are then set out on the next page.

Table 6.1 Opportunities facing the fashion and textiles sector

Opportunities facing the fashion and textiles sector
Niche, high quality markets (e.g. technical textiles, cashmere)
Understanding customers and service quality.
Collaborations.
Overseas markets and export sales.
Outsourcing.
Currency fluctuations.
E-commerce opportunities.
Marketing and brand awareness, including labelling and the 'Made in Scotland'.
Sustainability agenda, including environmentally friendly and ethical production.
Technological advances.
A return to manufacturing and production on a smaller scale.
The role of Skillset.

Source: Consultations and literature

Table 6.2 Opportunities facing the fashion and textiles sub-sectors in Scotland

Opportunity	Design	Textiles and technical textiles	Apparel and sewn products	Footwear and leather	Laundry and dry-cleaning
Product markets	Diversify ranges.	HT filament weaving; glass, carbon weaving; and nonwovens. New growth markets in transport textiles, medical textiles, performance clothing and geo-textiles[64]. Develop new fabric designs, utilise specialist, high quality fabrics and yarns.	Diversify product and market areas, for example from fashion-wear into work-wear. Tartan and highland dress. Cashmere.	Enter new product markets, such as leathers for the transport sector. Use additional materials, such as elk and deer, for high fashion market.	Diversify into new market segments such as linen rental, suede/leather, restoration work, business to business/contract work, collection/delivery, laundry service, shirts service. Growth in healthcare laundering.
Geographical markets	Tap into new overseas markets, e.g. former Soviet Union.	Increase presence in export markets, including developing countries such as China and India but also Europe.	Exploit export opportunities, including the opening up of markets in developing world.	Grow export sales, including to non-traditional markets such as China, Korea, Russia and Australia.	
Processes	Develop more efficient supply chain management and	Exploit technological advances such as 3D weaving, plasma,	Improve linkages between companies and the designer skills	Improve margins through offshore	Exploit economies of scale, i.e. larger

[64] The current position of technical textiles in the UK, Byrne (Innovation and Materials KTN)

Opportunity	Design	Textiles and technical textiles	Apparel and sewn products	Footwear and leather	Laundry and dry-cleaning
	collaboration. Source from overseas (e.g. China) for increased margins. Tap into opportunities for external consultancy.	digital and nano to develop new products and increase efficiency. Source from overseas. Develop partnerships with other companies in the supply chain e.g. joint product development. Establish closer links with academic establishments to access technical R&D expertise.	base. Exploit potential of whole garment technology. Improve distribution capability / flexibility. Introduction of team-working to enhance flexibility and productivity.	sourcing. Exploit new leather processing technology, including increased mechanical handling.	companies. Invest in new machinery and maximise productive potential of existing equipment. Use alternatives to solvent based products in the dry-cleaning process to counter EU directives
Differentiation and added value	Develop retail presence, including self-owned retail. 'Made in Scotland' labelling.	Develop highly specialised niche markets, for example by working with fashion houses. Capitalise on quick response opportunities and service performance.	Offer a full package service, e.g. in corporate-wear market. 'Made in Scotland' labelling.	Focus on high quality markets. Develop links with niche retailers. Develop short runs of premium leathers in a wide variety of colours, innovative products.	Focus on quality of service and provide added value services such as collection/delivery.

Source: Consultations and literature

6.1.2 Threats

The following tables summarises the threats facing the fashion and textiles sector, as a whole, in the future. The specific threats facing the different sub-sectors of the fashion and textiles industry are then set out on the next page.

Table 6.3 Threats facing the fashion and textiles sector

Threats facing the fashion and textiles sector
Ageing workforce and associated skills gaps and shortages.
Availability of suitable training provision.
Image of the sector.
Decline of manufacturing sector and associated loss of skills and infrastructure.
Rapidly changing consumer preferences.
Sustainability and environmental concerns and legislations.
Regulatory burdens and costs, e.g. employment law, health and safety.
Overseas competition, including cheap labour.
Cost and accessibility of raw materials.
Rising overheads and resulting pressures on margins.
Currency fluctuations.
Economic downturn, resulting in lower consumer spending and difficulties accessing finance..
Public funding pressures.

Source: Consultations and literature

Table 6.4 Threats facing the fashion and textiles sub-sectors

Threat	Design	Textiles and technical textiles	Apparel and sewn products	Footwear and leather	Laundry and dry cleaning
Globalisation, including outsourcing, markets and overseas competition	Difficulty of accessing agents, retailers and distributors in UK and overseas. Difficulty of accessing overseas production particularly for small orders.	Competition from low cost imports at commodity end of market. Relocation of customers overseas. Threats to intellectual property from overseas competitors. Cheaper imported fabrics, especially from China, India. Trade barriers in developing countries.	Continuing increase in levels of offshore sourcing across all apparel segments. Removal of all quotas and reduction of tariff barriers. Changing sourcing strategies of major buyers in retail garments and work-wear, resulting in fewer suppliers and more imports. Consumer preference for cheap, fashionable supermarket products. Dominance of supermarkets and large multiples and a decline of independents, which has led to more direct sourcing.	Cheap imports from overseas continuing downward pressure on UK manufacturers' margins. Limited access to raw materials, such as chemicals and hides, compared with competitors such as China	Trend toward cheap, 'disposable' garments, with no requirement for dry cleaning. Trend towards 'smart casual wear' in business environments. Emergence of home laundry technology and easy-care garments. Fluctuations in demand, for example a drop in consumers' disposable income or downturn in business of client sectors (e.g. hotels).
Supply chain and support	Lack of business support for companies in intermediate stage of	Break down of supply chain, for example the disappearance of		Demise of the supply chain and associated difficulties in sourcing	

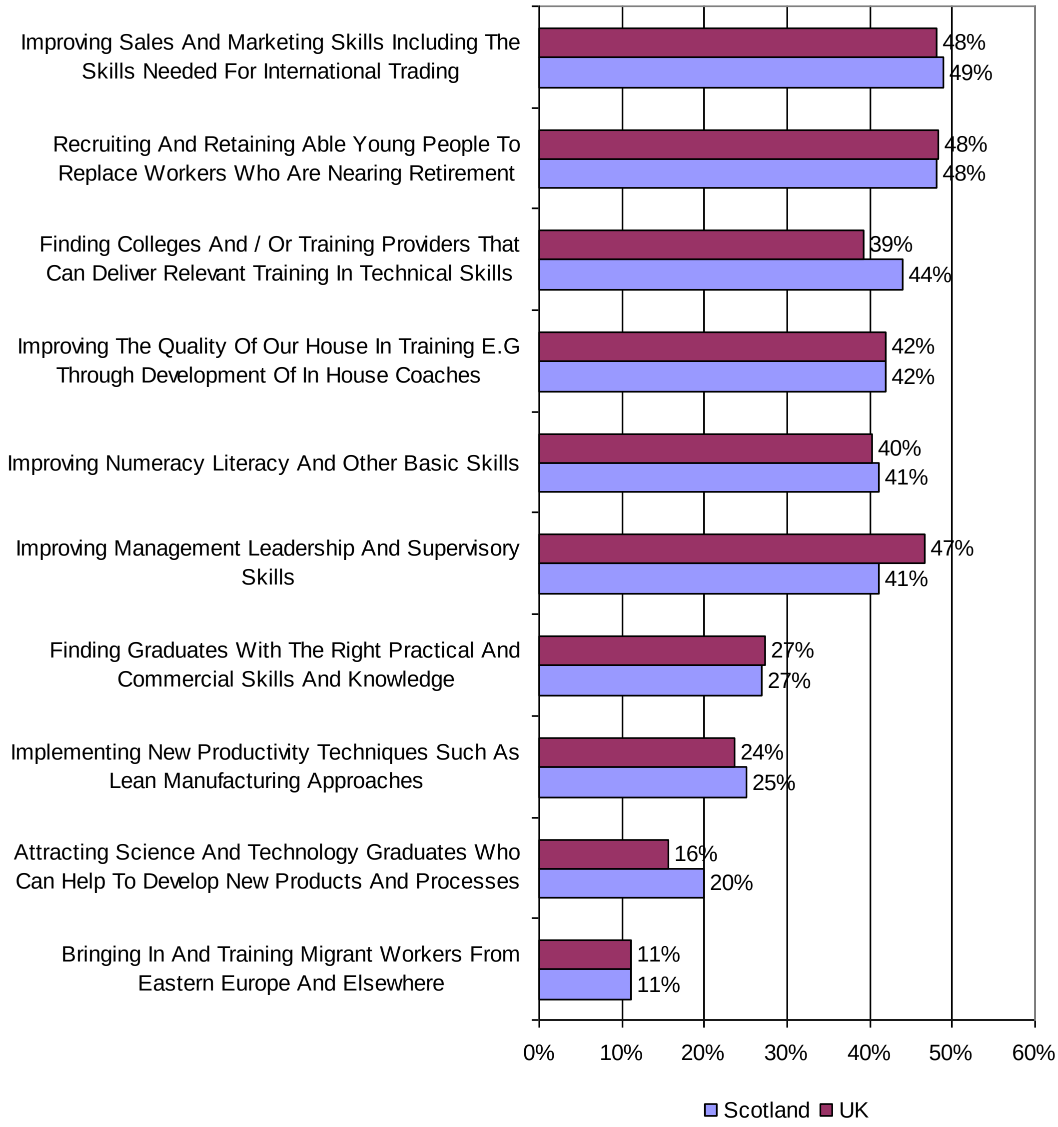
Threat	Design	Textiles and technical textiles	Apparel and sewn products	Footwear and leather	Laundry and dry cleaning
network	development. Lack of understanding of fashion sector among venture capital community. Demise of UK manufacturing in specialist areas, which affects capacity to support product development, plus a lack of reliability and quality of production for intricate products.	suppliers. Loss of UK higher education / research base.		quality leather in the UK. Major retail customers increasingly sourcing direct.	
Legislation		Costs of complying with regulations, e.g. chemical emissions.		Environmental constraints and regulations for leather processing industry.	Environmental compliance, particularly in respect of solvent use.
Other		Failure to keep abreast of new technologies.			Poor labelling of garments.

Source: Consultations and literature

6.2 Future Skills Priorities

Findings from the 2008 Fashion and Textiles Employer Survey found that the skills priorities most commonly cited by Scottish fashion and textiles employers were **improving sales and marketing skills, including the skills needed for international trading, recruiting and retaining able young people to replace workers who are nearing retirement and finding colleges and/or training providers that can deliver the relevant training in technical skills.**

Figure 6.1 Skills priorities



Source: Fashion and Textiles Employer Survey, 2008

Sub-sectorally, these priorities differ illustrating the different markets and environments employers operate within.[65] For instance, the design sub-sector that is popular with younger

[65] Please see Annex A7 for ranked sub-sector priorities

people and subject to large numbers of people looking to enter this career does not have the same demands for aid with recruitment and retention difficulties. However, greater emphasis is placed on finding graduates with the right practical and commercial skills and knowledge, reiterating both the survey and consultation findings.

Demonstrating the product markets laundry and dry-cleaning employers operate within, they do not have the same requirements for marketing, recruiting and retaining young people and finding colleges that can deliver the technical training required. However, improving management and leadership, improving the quality of in-house training and improving numeracy and literacy are the key priorities for employers working within this sub-sector.

6.3 Future Skills Needs

In light of the opportunities and threats facing the fashion and textiles sector in Scotland, a range of skills have been identified that are likely to become more important in the future. Based on consultation findings, these are outlined below.

6.3.1 Generic skills

Consultations identified the following generic skills as being particularly important for the fashion and textiles sector in the future:

- **Supply chain management skills** are becoming more important as the fashion and textiles sector becomes a much more global industry.

- **Foreign language skills** were seen to be increasingly important for businesses if they are to successfully operate in a global market-place and communicate directly with their supply chain, plus customers.

- **IT skills** will be key to maximising the use of the internet as a mechanism for e-commerce and associated marketing.

- **Electronic / technological skills** will be essential as technology advances in terms of management and production systems. These skills will also be important if the sector is to invest in 'green technology'.

- **Marketing and brand management skills** will enable businesses to more effectively build on the strength of the Scottish brand and use ethical and sustainable trading as a key strength of their business.

- **Commercial, financial and legal skills** will ensure that businesses are able to capitalise on the latest process and product innovations and respond to rapidly changing consumer demands. This is particularly key within the technical textiles sub-sector.

- **Management and leadership skills** need to improve in the sector and will become more important as competition in the fashion and textiles sector increases.

6.3.2 Sector specific skills

Consultations identified a range of skills that are going to become more important for the fashion and textiles sector in the future.

- **New processes** are leading to a demand for a host of new skills. Examples include digital printing in the design sector, wet-cleaning in the laundry sub-sector and plasma treating in the technical textiles sub-sector.

- **Fabric technology skills** are increasingly in demand across the whole of the fashion and textiles sector but particularly within the technical textiles sub-sector.

- **Traditional Scottish production skills**, such as kilt making will continue to be important to the sector, particularly as this work is characterised by an ageing workforce. Knowledge of these processes among retailers will also be key in the future.

- Similarly, in order to produce high quality niche products, **traditional skills such as hand-tailoring and weaving** will continue to be important.

- **Quality control skills** are becoming more important as businesses are increasingly sourcing materials from overseas and out-sourcing elements of the production chain.

- **Design and customisation skills** are becoming more important as Scotland's fashion and textiles sector is moving towards the production of higher value, niche products. In order to effectively meet consumer demands, there is increasingly a need for creative and innovative design skills and the ability for businesses to produce customised products.

6.4 Scenario Planning

6.4.1 Scenario Planning for Scotland

Warwick Institute for Employment Research and Cambridge Econometrics has developed Working Futures III, which is a forecasting scenario series. The research uses existing survey work on employment trends across the sectors to give a view of employment estimates. It is important to note, however, that this research was undertaken prior to the economic downturn and therefore needs to be interpreted with some care. It should be viewed in parallel to the opportunities, threats and future skills needs that have been identified through consultations conducted in 2010.

Data from the latest Working Futures III study for the Scottish fashion and textiles sector highlights the following broad level data as outlined in the table below.

Table 6.5 Employment projections

						2007-2017		
Employment Levels (000s)	**1987**	**1997**	**2007**	**2012[66]**	**2017**	**Net Change**	**Replacement Demand**	**Total Req**
Scotland Fashion and Textiles	74	51	22	18	16	-6	8	2
Scotland All Sector Employment	2,231	2,437	2,662	2,715	2,764	102	981	1,082

Source: Working Futures III

Overall sector picture

Working Futures III forecasts a continuing decrease in the workforce numbers within fashion and textiles employment to 2017, albeit at a slower rate than previous trends.

Despite this continued decline in the gross number employed, the sector will experience large positive net employment requirements as a result of proportionately large scale retirements and associated replacement demand. In all, taking 2007 figures as a base, approximately one third of the workforce will require replacement by 2017.

Compared to the sector at a UK level, the Scottish fashion and textiles sector is forecast to see a greater proportional drop in net workforce numbers. This indicates that the Scottish fashion and textile sector's still has a number of structural issues within the manufacturing base that will need to be assessed and dealt with before the sector finds it optimum output level.

However, in contrast to the pattern forecast to be exhibited in the fashion and textiles sector, Scotland at an all sector level is expected to increase its gross employment needs to 2017 by four percent. This highlights how, whilst overall employment in Scotland will continue to rise, it has been forecast there will be little additional domestic demand for Skillset sectors stemming from the extra working population. This demonstrates the continued reliance on export markets to stimulate demand.

Occupational make-up

The sector will continue, albeit at a slower pace, to lose jobs within the operative elements of the sector along with elementary occupations and sales and customer service occupations. Although these occupational groupings within the Scottish fashion and textile footprint are forecast a gross decline in demand, positive replacement demand will see only small change in requirements.

[66] The projections in this study were forecast before the recession impacted the economy and employment levels. For this reason the longer term 2017 figures must be used to give a clearer indication of future trends.

The sum of these changes suggests a continued movement of manufacturing and process based operations overseas through off-shoring and outsourcing. However, this will have begun to have stabilised by 2017, suggesting the Scottish fashion and textiles sector will have found its specialism for manufacture and operative positions in the global marketplace. The return of niche manufacturing will play an important part in recovery from the current economic downturn and ensure the long-term sustainability of the sector as a whole. Over-reliance on outsourcing and overseas manufacturing will serve to further weaken Scotland's relative position in the market, whereas niche manufacturing will play to Scotland's strengths in terms of product quality and prevalence of skilled technicians. Such an emphasis on the revival of niche manufacturing would act as a catalyst to continue training and maintain the technical skills that will otherwise be lost overseas.

Managerial and technical positions will proportionally make up a larger part of the workforce. As companies spend a greater amount of time managing processes such as supply chain, outsourcing and customer relations, the level of technical expertise, both in terms of processes employed and ICT needs, will ensure both of these positions will require filling.

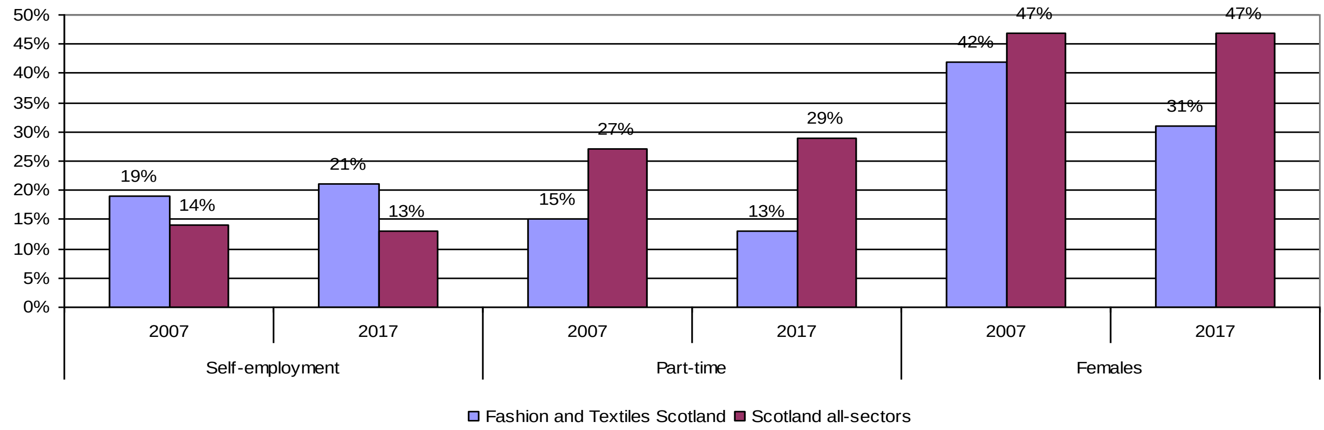
The reduction in operative level recruitment opportunities and the need for management level skills illustrates that the sector will require far less employees with lower level skills (below SVQ level 2) and a higher proportion of individuals qualified to SVQ Level 3 and above to enable the sector in Scotland to compete.

Demographics

Reflecting the continued niche and micro level that the sector operates and is continuing to work to, self-employment will continue to be a key feature of the sector compared to all sectors in Scotland rising to a fifth of the workforce by 2017. Conversely, part-time working will not be as prominent and will decline in contrast to the high proportions and continued growth in the all-sector in Scotland figure is predicted to demonstrate.

The share of female employment is forecast to reduce significantly as a proportion of the total workforce from 42% of the workforce to less than a third. This reflects the high level of structural change that is occurring within the sector as operative and elementary occupations that are traditionally the domain of females (especially within clothing and textiles manufacture) are lost. This again is in contrast to the Scotland all sector figure that is forecast to see little change.

Figure 6.2 Demographic composition of the sector



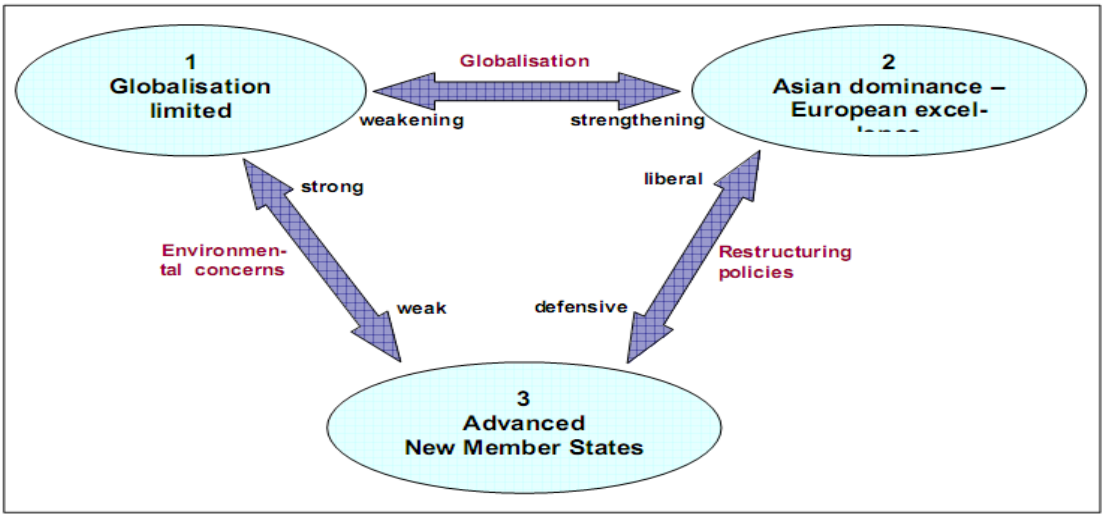
Source: Working Futures III (n.b. Working Futures III uses a different methodology for demographic indicators than the ones used within the Annual Population Survey)

6.4.2 Scenario planning for Europe

Vogler-Ludwig and Valente[67] propose three potential scenarios to the year 2020 of the future direction for the European fashion and textiles manufacturing sector and its implications for current high value manufacturers such as within the UK and Scotland. The reported scenarios in each of these instances impact differently on the European fashion and textile sector that likewise will have ramifications for the fashion and textiles skills base within the UK and Scotland.

The three scenarios put forward in this paper are “Globalisation Limited”, “Asian Dominance-European Excellence” and “Advanced New Member States.” Each of these scenarios are 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.

Figure 6.3 Three potential scenarios to the year 2020



[67] Skills scenarios for the textiles, weaving, apparel and leather product sectors in the EU, 2008, Volger-Ludwig and Valente

Source: Skills scenarios for the textiles, weaving, apparel and leather product sectors in the EU, 2008

The three scenarios can therefore be summarised as such:

Scenario 1: Globalisation Limited

Drivers: 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.

Employment implications: 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.

Skills implications: The implication of this scenario will be that the domestic demand for UK and Scottish produced 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

Drivers: 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.

Employment implications: 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.

Skills implications: The trend that has occurred over the past ten years will continue to impact on the UK and Scotland. Textiles and clothing firms continue to move production away from the UK as the duel 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 an even more prominent function and vital to the on-going success of UK businesses to manage global supply chains closer to home

Scenario 3: Advanced New Member States

Drivers: 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.

Employment implications: 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.

Skills implications: The UK and Scotland 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 and Scottish producers to compete lies in their ability to cultivate customer relations and manage production from design through to branding and marketing activities.

Each of the key drivers at play and how that will influence each scenario is highlighted in the following table.

Table 6.6 Key drivers of change for the scenarios for manufacturing

	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;	Strong product innovation for speciality textiles; Design marketing and sales very important;	Mainly process innovation provided by machinery and organisational changes; Strong

	Scenario 1 Globalisation limited	**Scenario 2** Asian dominance-European excellence	**Scenario 3** Advanced New Member states
	switch from foreign productivity to energy productivity.	Management of the value chain.	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: Skills scenarios for the textiles, weaving, apparel and leather product sectors in the EU, 2008

6.5 Potential Future Actions

This report has reviewed a range of literature and data on the fashion and textiles sector in Scotland. This has been supplemented by findings from a series of consultations that have been held with key representatives in the fashion and textiles sector. A review of this information points towards a number of key potential actions that are required to support the fashion and textiles industry in the future.

6.5.1 Supporting the sector to achieve its growth potential

Encouraging greater sector collaboration

There is scope for the fashion and textiles sector to work together far more effectively, be it across different elements of the supply chain, across different components of education and training provision, or between education and industry. There are opportunities for individual businesses to work together more effectively and for the sector as a whole to collaborate better. In particular, communication and collaboration between designers and manufacturers should be improved. As a further example, the Dutch dry-cleaners' association Netex established a project to set up a Fashion Care and Corporate Image Forum, which involves co-operation across the whole supply chain, including drycleaners, retailers, manufacturers and their respective trade associations in order to improve the industry's quality and professional image[68].

Leading the sustainability agenda

Sustainability is growing area of focus for the fashion and textiles sector and consultees highlighted that the UK industry could lead the way in responding to this challenge. There are already a range of initiatives underway, such as DEFRA's Sustainability Clothing Action Plan and the Carbon Trusts' carbon reduction label and standard, plus various initiatives being led by businesses such as Marks and Spencer. Overseas, NICE (the Nordic Initiative Clean and Ethical), which is being led by the Nordic Fashion industry, aims to take a lead on social and environmental issues. Businesses need to be encouraged and supported in order to effectively respond to the sustainability agenda.

Building capacity and encouraging the growth of clusters

There is emerging evidence from other countries concerning the efficacy of supporting local fashion and textiles clusters or hubs in key cities and local areas. This enables a critical mass of colleges, designers, manufacturers and retailers to work in close proximity to one another.

[68] Together professionals can make a difference, 2009 (www.laundryanddrycleaningnews.com)

Effectively utilising technology

Technology is a key mechanism for enhancing the fashion and textiles sector. However, businesses face a range of barriers in adopting new technology, including cost, negative perceptions, insufficient knowledge and a lack of skills. Notwithstanding these issues, businesses and training providers need to endeavour to integrate new technologies into the sector in order to add value to products and improve the efficiency and effectiveness of processes. However, there also needs to be careful balance between adopting new technology and maintaining traditional, craft skills important to the Scottish heritage brands as consultees commonly cited that one cannot operate without the other.

6.5.2 Ensuring the sector meets its future skills needs

Investing in labour market intelligence

Continual investment in labour market intelligence ensures that there is an up-to-date evidence base to inform and support the evolution of the sector. This assessment provides a valuable source of information but it needs to be updated and refreshed on an ongoing basis.

Developing leadership and business management skills

A recurring theme across all sub-sectors in the fashion and textiles sector is the need to improve leadership and management skills. Consultations supported findings from research conducted by the British Fashion Council, which stated that the management skills gaps should be tackled by increasing the business content in fashion and textiles courses[69]. Within the design sector, particularly, there is also scope to raise awareness of the opportunities afforded through business partnerships.

Marketing and raising awareness of opportunities within the sector

Skillset is already going someway to addressing this by developing 67 job descriptions, which will help to raise awareness of the opportunities available within the sector. In particular, this could raise awareness of the diversity of employment opportunities and address the current mismatch that leads to a surplus of those wishing to follow a career as a designer.

Supporting practical training opportunities

Consultees frequently expressed a need for individuals entering the sector to have practical experience and technical knowledge of the sector. In particular, there is a need for individuals to have a much better understanding of the different elements of the fashion and textiles sector. Apprenticeships are considered to be an effective mechanism to support this, but the profile of

[69] The Value of the UK Fashion Industry, 2010, British Fashion Council

these schemes needs to be improved and greater support is required to make these schemes more accessible to businesses.

Enhancing industry and education collaboration

There needs to be much greater collaboration between the industry and education in the fashion and textiles sector. At secondary school level, the industry needs to help raise awareness of the career opportunities available within the sector and the training routes available to potential students in order to help overcome the sector's poor image and to address the skills shortages emerging as a result of an ageing workforce. At further and higher education level, the industry needs to work more closely with training providers to identify training needs and expectations, thus ensuring that students have the necessary skills to work when they enter the industry. And finally, the industry needs to work closely with research institutes to develop and commercialise innovative products and processes that will help ensure the ongoing competitiveness of the sector.

Encouraging and supporting succession planning

Businesses in the fashion and textiles sector recognise the importance of succession planning to respond to the challenges presented by an ageing workforce. However, many businesses do not have plans in place. The sector needs to be encouraged and supported to think about options for up-skilling the existing workforce or encouraging the recruitment of individuals to address emerging skills shortages. However, there needs to be careful consideration to ensure that this support is delivered in a way that is appropriate for businesses and has due consideration for the every-day and more immediate pressures that businesses face.

Annex One: Additional Information

A1: The Fashion and Textiles sub-sectors:

The Fashion and Textiles sector is grouped into five distinct sub-sectors. Based on SIC 2007 definitions, these are as follows:

- Textiles: SIC 17: Manufacture of Textiles
  SIC 2060: Manufacture of Man-made fibres,
  SIC 4641: Wholesale of Textiles

- Apparel: SIC 18: Manufacture of Apparel
  SIC 4616: Agents in Textiles, Apparel and Leather goods
  SIC 4642: Wholesale of Clothing and Footwear

- Footwear, leather and leather goods:
  SIC 15: Manufacture of leather and leather goods
  SIC 4624: Agents involved with the sale of leather and leather goods
  SIC 9523: Repair of leather goods

- Laundry and dry-cleaning:
  SIC 9601: Laundry and dry cleaning services

n.b. Please note, due to limitations with official statistics are not able to represent design as a separate category.

A2: Key fashion and textiles occupational groupings

Occupational group	Occupation	Example fashion and textiles occupations
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)

A3: Demographics of the Scottish fashion and textiles workforce

	Scotland Fashion and Textiles	Scotland All in Employment	UK Fashion and Textiles
Female	46%	48%	50%
Aged 24 and under	13%	14%	11%
Aged 45 and over	54%	41%	47%
BAME background	3%	1%	16%
Self-employed	20%	11%	21%
Part-time	19%	26%	25%
In job over 5 years	64%	52%	52%
Non-UK National	9%	12%	15%
SVQ L4 and above	23%	39%	19%
Below SVQ L2	45%	18%	38%
Job related education or training in the past 13 weeks	5%	28%	9%

Source: Annual Population Survey 2009 (Based on SIC 2007 13-15, 2060, 4616, 4624, 4641, 4642, 9523 & 9601 for Fashion and Textiles)

A4: Scottish Exports of Fashion and Textiles Goods in 2009 by country (000's)

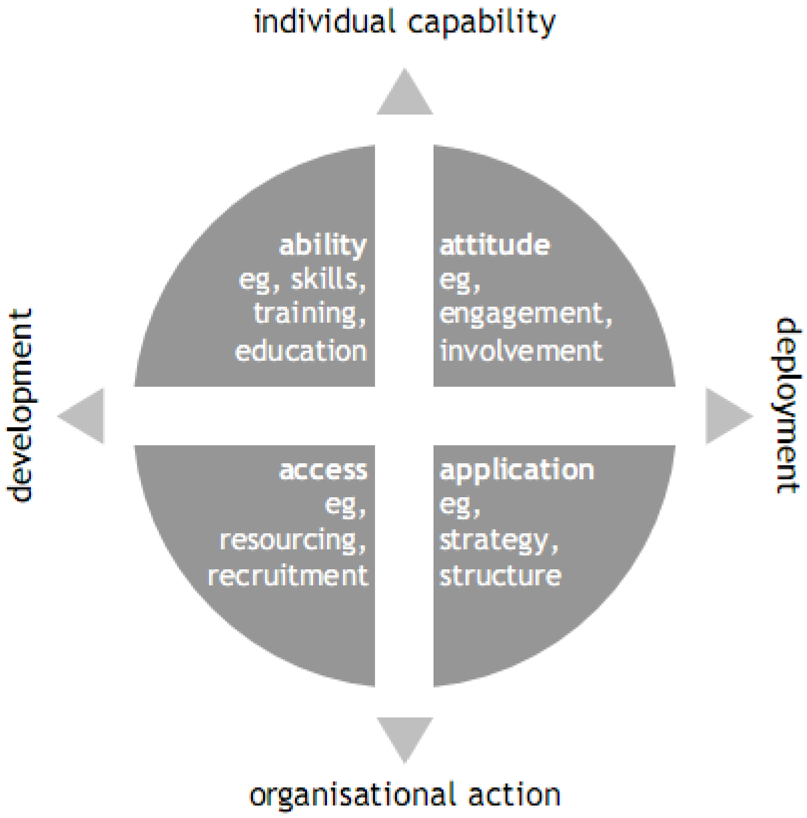
Textiles and textile articles			Articles Of Apparel & Clothing Accessories			Leather and leather goods			Footwear		
USA	28,748	14%	Germany	40,829	29%	Italy	13,443	29%	Irish Rep	11,876	73%
Germany	27,505	13%	France	13,457	10%	Czech Rep	10,573	23%	Italy	913	6%
Italy	22,365	11%	Irish Rep	11,577	8%	USA	7,796	17%	Germany	499	3%
Netherlands	18,009	9%	Italy	9,939	7%	Portugal	4,345	9%	Sweden	353	2%
Hong Kong	14,515	7%	Japan	8,744	6%	Poland	2,326	5%	Austria	310	2%
France	11,986	6%	USA	8,566	6%	China	1,414	3%	Netherlands	287	2%
Australia	7,427	4%	Sweden	6,224	4%	Germany	1,321	3%	Belgium	202	1%
Belgium	7,176	3%	Netherlands	4,313	3%	Spain	864	2%	France	196	1%
China	5,876	3%	Switzerland	3,952	3%	India	618	1%	Hungary	174	1%
Irish Rep	5,221	2%	Spain	3,404	2%	France	566	1%	Spain	171	1%
Other	61,130	29%	Other	29,208	21%	Other	3,692	8%	Other	1,370	8%
	209,958			140,213			46,958			16,351	

Source: HMRC (please note these figures only include trade in goods from a registered VAT address.)

A5: Skills Utilisation

An area of literature that is achieving prominence within the skills debate is that of high performance working practices (HPWP) and skills utilisation. A large body of recent research is looking at how firms holistically use their given resources, moving away from looking at the skills debate by focussing purely on qualification attainment in isolation.[70]

One model that has been developed and researched into is the 4A model that gives a number of key measures around the 4A's of ability, attitude, application and access.[71]



Source: Tamkin, P, Giles, L, Campbell, M and Hillage, J (2004) Skills Pay: The Contribution of Skills to Business

[70] Please see UKCES 2009. High Performance Skills practices: A literature review and Scottish government 2008, High Performance working practices: A literature review.
[71] People and the Bottom Line, 2008, P Tamkin, M Cowling, W Hunt

Using this model, research based on 2,905 companies employing at least 25 people across the UK found that a 10 per cent increase in business investment in Human Resource Management, training and management practices equated on average to:

- An increase in gross profits per employee of between **£1,139 and £1,284**.
- An increase in profit margins per employee of between **1.19 per cent and**
- 3.66 per cent (i.e. the ratio of profit over sales).
- **A 0.09 per cent increase** in sales growth per employee.
- **A 3.1 per cent increase** in the probability of achieving sales from new technology.

The research originally took 76 measures of HR practices and after analysis distilled them into 12 key human resource activities that were seen to have the greatest level of impact on business performance within the 4A model. These are:

Access

1. Proportion of new appointees tested on recruitment
2. Proportion of new appointments for which there was a person specification
3. Proportion of employees covered by a succession plan

Ability

4. Proportion of workforce that have a current personal development plan
5. Proportion of the workforce that have a career development plan
6. Proportion of employees qualified to degree level

Attitudes

7. Proportion of managers that left voluntarily over the last twelve months
8. Proportion of staff that receive profit related pay
9. Proportion of staff that have a regular appraisal
10. The frequency with which staff have one-to-ones

Application

11. Who decides on the pace of work (1 = exclusively managers; 5 = exclusively workers)
12. Who decides on task allocation (1 = exclusively managers; 5 = exclusively workers)

Given the minimum size of company was 25 employees and therefore intended for firms with a degree of employment (research conducted by the UKCES has shown small firms whilst not formally adhering to these “good practice” measures may well be using informal methods as proxies on this to mixed results and expectations from the employee)[72], whereas the fashion and textiles sector is dominated by smaller micro companies, these measures provide a key tracking mechanism for which employers are able to track and baseline their performance against the set criteria.

In addition, there are three items from the survey which have not been suggested as a measure as they do not test degree of adoption, rather they capture whether a process exists or not. As the presence or absence of the process is indicated as important in the regression analysis they are included and it is suggested that organisations ensure that these three processes are in place:

Ability

1. The organisation evaluates development in a systematic way
2. The organisation focuses on the long term development of its managers

Application

3. The organisation encourages and captures the suggestions of the workforce

The findings of SESS 2008 allow us to see how these skills utilisation measures are currently being adopted by Scottish fashion and textiles employers compared to the wider workforce. For instance the table below illustrates how fashion and textile firms, whilst a low proportion, are more likely to invest in quality circles and profit sharing arrangements for employees than all Scottish employers; whilst also allowing for flexibility in the workplace and arrangements for direct involvement of employees in decision making were key.

However, the sector scores lower on measures such as formal surveying of employees views or opinions (23%), formal staff performance reviews (36%) and formal dispute resolution procedures (46%).

[72] Skills and the small firm, 2010, UKCES

Scottish Fashion and Textile firms use of skills utilisation measures.

	Fashion and Textiles	All Sectors
Flexibility for employees to decide how their work is organised or carried out	80%	80%
Arrangements for direct involvement of employees in decision making and problem solving	75%	76%
Use of part-time staff	62%	65%
Explicit policy on equality / diversity in the workplace	60%	62%
Formal dispute resolution procedures	46%	54%
Incentive or performance related pay	37%	37%
Formal staff performance review	36%	48%
Use of temporary labour / contract staff	29%	38%
Quality circles	26%	22%
Formal survey of employees views or opinions	23%	38%
Profit sharing / share options / gain sharing for employees	20%	17%
None of the above	6%	3%

Source: SESS 2008

A6: Introduction to the measures from the Global Manufacturing Survey

Fashion and Textiles firms were scored on 18 separate measures identified as being helpful practices to adopt to aid business development. This was on a 1-5 basis with 5 being an example of best practice. A summary of these measures is shown below.

1) Introduction of modern manufacturing techniques
What aspects of manufacturing have been formally introduced, including just-in-time delivery from suppliers, autonomation, flexible manpower, support systems, attitudes, and behaviour?
2) Rationale for introduction of modern manufacturing techniques
Were modern manufacturing techniques adopted just because others were using them, or are they linked to meeting business objectives like reducing costs and improving quality?
3) Process problem documentation
Are process improvements made only when problems arise, or are they actively sought out for continuous improvement as part of a normal business process?
4) Performance tracking
Is tracking ad hoc and incomplete, or is performance continually tracked and communicated to all staff?
5) Performance review
Is performance reviewed infrequently and only on a success/failure scale, or is performance reviewed continually with an expectation of continuous improvement?
6) Performance dialogue

In review/performance conversations, to what extent is the purpose, data, agenda, and follow-up steps (like coaching) clear to all parties?
7) Consequence management
To what extent does failure to achieve agreed objectives carry consequences, which can include retraining or reassignment to other jobs?
8) Target balance
Are the goals exclusively financial, or is there a balance of financial and non-financial targets?
9) Target interconnection
Are goals based on accounting value, or are they based on shareholder value in a way that works through business units and ultimately is connected to individual performance expectations?
10) Target time horizon
Does top management focus mainly on the short term, or does it visualize short-term targets as a “staircase” toward the main focus on long-term goals?
11) Targets are stretching
Are goals too easy to achieve, especially for some “sacred cows” areas of the firm, or are goals demanding but attainable for all parts of the firm?
12) Performance clarity
Are performance measures ill-defined, poorly understood, and private, or are they well-defined, clearly communicated, and made public?
13) Managing human capital
To what extent are senior managers evaluated and held accountable for attracting, retaining, and developing talent throughout the organisation?
14) Rewarding high performance
To what extent are people in the firm rewarded equally irrespective of performance level, or are rewards related to performance and effort?
15) Removing poor performers
Are poor performers rarely removed, or are they retrained and/or moved into different roles or out of the company as soon as the weakness is identified?
16) Promoting high performers
Are people promoted mainly on the basis of tenure, or does the firm actively identify, develop, and promote its top performers?
17) Attracting human capital
Do competitors offer stronger reasons for talented people to join their companies, or does a firm provide a wide range of reasons to encourage talented people to join?
18) Retaining human capital
Does the firm do relatively little to retain top talent or do whatever it takes to retain top talent when they look likely to leave?

Source: Management practice and productivity: Why they matter, 2007, Centre for Economic Performance and McKinsey & Company

A7: Sub-sectoral future skills priorities in Scotland

	Apparel	Design	Footwear & Leather	Laundry & dry cleaning	Textiles	Total
Improving sales and marketing skills including the skills needed for international trading	1	2	1	6	3	1
Recruiting and retaining able young people to replace workers who are nearing retirement	2	6	2	4	1	2
Finding colleges and / or training providers that can deliver relevant training in technical skills	3	1	6	7	2	3
Improving The Quality Of Our House In Training e.g Through Development Of In House Coaches	5	3	5	2	6	4
Improving management leadership and supervisory skills	6	7	4	1	4	5
Improving numeracy literacy and other basic skills	4	5	3	3	7	6

Finding graduates with the right practical and commercial skills and knowledge	**7**	**4**	**9**	**9**	**9**	**7**
Implementing new productivity techniques such as lean manufacturing approaches	**8**	**8**	**7**	**5**	**5**	**8**
Attracting science and technology graduates who can help to develop new products and processes	**9**	**9**	**8**	**8**	**8**	**9**
Bringing in and training migrant workers from eastern europe and elsewhere	**10**	**10**	**10**	**10**	**10**	**10**

Source: Fashion and Textiles Employer Survey 2008