SECTOR SKILLS ASSESSMENT LONDON
FASHION AND TEXTILES SUMMARY

Introduction

This report aims to highlight the apparent and real skills needs that businesses are affected by in the capital. It is a summarized version of The Sector Skills Assessment for the London Fashion and Textiles sector, Skillset Jul 2010, identifying key skill drivers and skills gaps, as well as commenting on the impact of skill issues affecting the sector today.

The Sector

The fashion and textiles sector (as this report defines it) includes apparel, footwear and textile supply chains, from the processing of raw materials to product manufacture and the after sales servicing of products and are worth £11.5billion in Gross Value Added (GVA) to the UK economy[1].

The sector can be separated into six sub sectors which are:

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

LONDON – an Overview

London is globally recognised as a hub of creativity where fashion design leads the way in starting cutting edge trends.[2] The capital is the second largest employing region for the fashion and textiles sector behind the North West, yet is home to the largest number of businesses – 13,600 employing 46,000 people[3].

This figure makes up 17% of businesses in the sector across the UK and 14% of all employment in the fashion and textiles sector[4]. However, the majority of these businesses (92%) employ between 1 and 10 employees which represents 43% of the people employed – indicating a market of small or micro businesses compared the rest of the UK.[5]

What makes London stand apart from the North West however is the make-up of the companies engaged in the sector. In London there are more professional, technical, sales and customer services occupations and a greater emphasis on niche activities, especially in skilled trades such as millinery, high-end clothing and tailoring. In addition, London is home to a large number of associate professional occupations important within functions such as sales, marketing, import, export, supply chain and distribution.

The demographics within London are markedly different too, 35% of the workforce are from Black, Asian Ethnic Minorities (BAME), of which a significant number are business owners and compares to a national percentage of just 14%[6]. There is also a reasonably high percentage of women and part time workers, all of whom appear to be reasonably loyal to their employers with 44% reporting being in post for more than 5 years.[7]

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[1] TBR (2008) *Resizing the Fashion and Textiles Sector*
[2] Cultural Metropolis, (2010) The Mayor's Draft Cultural Strategy: 2012 and Beyond accessed at http://www.london.gov.uk/sites/default/files/Cultural_Metropolis_June_10_0.pdf
[3] TBR (2008) *Resizing the Fashion and Textiles Sector*
[4] TBR (2008) *Resizing the Fashion and Textiles Sector*
[5] ABI (2008) data. This excludes the self-employed and micro-businesses
[6] APS (2008) based on SIC codes 17-19, 5271 &9301 Fashion and Textiles
[7] APS (2008) based on SIC codes 17-19, 5271 &9301 Fashion and Textiles

There is a deep polarisation of those with and those without recognised qualifications in London, which is particularly marked at the lower levels. 29% of the workforce have no qualifications at all (compared to 24% nationally) and a worrying 9% with a qualification below NVQ Level 2 [8](compared to 19% nationally). At the opposite end of the spectrum, 25% of London fashion and textiles employees have a Level 4 qualification[9] or above, compared to 16% nationally[10].

Although the economic performance of the fashion and textiles sector, along with other sectors, has declined slightly since 2008 with the onset of the recession, London's performance compares favourably with the UK as a whole. The figures seem to indicate that companies are consolidating, diversifying and finding new markets to enter in order to maintain market share. Notable areas are niche and high end markets, import and export activities and own brand collections from manufacturing units, all of which require different skill sets.

The recession has led to a sharp decrease in recruitment, with 30% of employers reporting reduced staffing levels – this is acutely noticeable for the under 24 year age group, where there was a drop of one fifth in recruitment of this age group[11].

Traditionally, the sector is not known for its strong training and professional development programmes for staff – relying more on informal, on the job training. Yet, with the diversification of business models and external factors impacting on companies, this lack of formal training is beginning to make a stronger impact.

The key drivers for skill changes within fashion and textiles are:

i) **Globalisation** – increasing diversification in order to adapt to the global market opportunities available
ii) **The growth of fast fashion** - resulting in supply chain and product management becoming increasingly important to company profitability
iii) **Technical markets** - advancements in Smart Materials have led some textile manufacturers to specialise in manufacturing technical textiles, especially for orthopaedic and health related areas.
iv) **The British style** - continued growth in British designer fashion markets with an emphasis on export markets, which have remained buoyant in recent years
v) **Adaptation to changing technology** - CAD/CAM, online retailing, new materials, integration of IT into clothing and digital technology within the supply chain process
vi) **Migration** - the influx of migrant workers reversing will challenge companies to ensure there are enough skilled workers to ensure ongoing viability to compete and innovate
vii) **Sustainability** – ethical and sustainable practices and sourcing in day to day activities

Research findings show that 13% of London employers are stating they have skill gaps in their companies (compared to 17% in the wider economy).[12] Key occupations and trades they are finding it hard to recruit into were identified as[13]:

i) Sample machinists, tailors and dressmakers
ii) Pattern cutters
iii) Garment technologists
iv) Alterations
v) Supply chain management
vi) Designers
vii) Production managers

[8] Level 2 is equivalent to a grade A* to C at GCSE, Higher Diploma or BTEC Diploma
[9] Level 4 is equivalent to a Foundation Degree, or first year at university
[10] APS (2008) based on SIC codes 17-19, 5271 &9301 Fashion and Textiles
[11] NESS - 2009
[12] NESS - 2009
[13] Skillset Fashion and Textiles Survey 2008

In addition to the technical and sector specific skill needs, evidence suggests that London employers need to address generic skill gaps, such as customer service, management and leadership, marketing and promotion, along with IT and office administration

Although London businesses are diversifying and remaining competitive, the skill base with which they are working is not keeping pace - 55% of employers with vacancies in London stated that they were hard to fill[14]. According to these employers, the knock on effect of this is a loss of contracts and higher running costs.

Herein lies the key issue – there are not enough appropriately trained young people coming through colleges or universities to fill the skills gaps that exist and this sector is one that traditionally does not formally train or offering training in–house. In addition to this anomaly, according to the Department of Work and Pensions (DWP) via NOMIS[15] figures, it would appear that there are a high number of people signing up to receive Job Seekers Allowance looking for fashion and textiles related work. Job Centre Plus figures show a significant number of sewing machinists looking for work, along with textile garment operatives and skilled trade workers such as tailors and dressmakers, yet these are the very roles employers state are difficult to fill.

In terms of priorities for skills, other than the technical skills for the roles in most demand, the following have been placed in order of importance according to employers:

- Sales and marketing skills
- Skills for supervisory roles
- Retaining young people to train under older / retiring workers
- Numeracy and literacy skills
- A lack of in-house training programmes in large companies
- A lack of training providers with the appropriate skills and knowledge[16]

Compared to European counterparts in Italy and France, the London workforce has a low qualification and skill base[17], therefore UK designers, especially at the high end, seek EU manufacturing over UK based companies as a result.

Conclusion

The sector is changing, expanding into new markets and diversifying to maximise the few opportunities that are available in today's climate. These changes coupled with external social, political, environmental and economic factors are affecting the skill base of the sector.

In terms of skills alone, there are several forecasts and models available which are open to discussion, including a revival in the need for production related trades, notably in skilled crafts, ecological competencies and a greater need for capable managers and marketers. All of this relies on what happens on the global stage, with the Asian and new EU member states for example[18].

In order to remain dominant and competitive, the skill base and delivery of skills should be addressed from within the sector. There is a movement toward accrediting in-house training programmes and having recognised, valuable qualifications that are created by employers for employers to deliver to graduate and college level students. A working partnership between businesses and the education sector with aims to deliver required training and build those skills in high demand would enable London to compete effectively in the global market.

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[14] NESS 2009
[15] NOMIS is the ONS labour market statistics unit
[16] Skillset Fashion and Textiles Survey 2008
[17] Karra 2008 The UK Designer Fashion Economy, NESTA and Centre for Fashion Enterprise
[18] Vogler-Ludwig K and Valente AC 2008 – Skills Scenarios for the Textiles, wearing apparel and leather products sector in the EU – Economix.