ENGLAND
SUMMARY OF THE STRATEGIC SKILLS ASSESSMENTS FOR FASHION AND TEXTILES

BACKGROUND INFORMATION ON ENGLAND'S FASHION AND TEXTILES

Skillset represents the fashion and textiles sector on skills standards and qualifications and as a Sector Skills Council, is responsible for producing skill related labour market intelligence for the sector, which includes these sub-sectors:
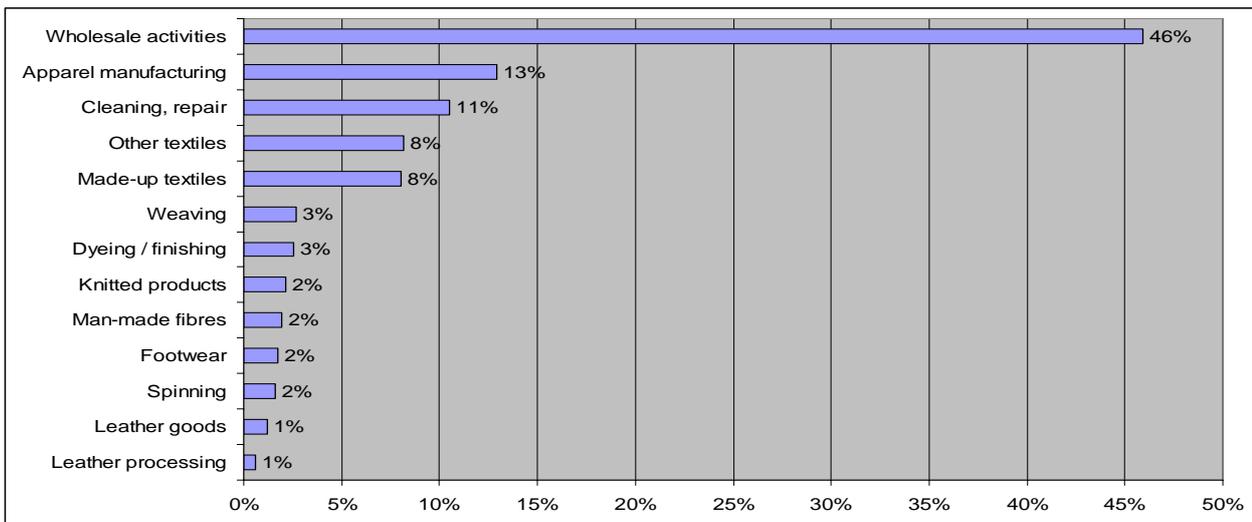
- Apparel and sewn products
- Design
- Footwear and leather
- Laundry and dry cleaning
- Textiles (including manmade fibres and technical textiles)[1]

This report relates to England only, highlighting the importance of the fashion and textiles in the economy and the apparent skill issues affecting the sector. Future research from Skillset will include sub-sector focused details from the groups being formed in 2010.

IMPORTANCE OF FASHION AND TEXTILES TO THE UK ECONOMY

Fashion and textiles are categorised as part of the Creative Industries, which '... are critical to this country's cultural and economic success, contributing more than £50 billion to the economy every year. They also generate important 'spillover' benefits for other sectors that work with them to create innovative products and services'[2].

The fashion and textiles sector is estimated to contribute around £7billion in Gross Value Added (GVA)[3] to the economy in England, with contributing areas estimated as being:

These figures are of note to the economic growth of England, because despite an overall fall in employment of 22% between 2003 and 2007, productivity per head of the workforce has increased significantly by an estimated 20%[4]. The area where high productivity per worker increased substantially was wholesale activities, which includes imports and exports, indicating high value products being produced by smaller numbers of staff.

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[1] To be more specific about the content of these subsectors, they comprise: (i) Materials production and processing, including processing of raw fibres, spinning and weaving, tanning of leather, finishing of textiles, manufacture of knitted and crocheted fabrics, production/processing of manmade fibres, production of non-wovens (ii) Product design Including textiles, clothing, fashion design (iii) Manufacture of made-up articles, including household textiles, carpets, apparel, knitwear, luggage, footwear and leather goods (iv) Trading in apparel, footwear and textile items, including sourcing, logistics, distribution, branding and marketing and (v) Servicing of apparel, footwear and textile items, including fitting of carpets, laundries, dry cleaning, textile rental and clothing and shoe repair
[2] http://www.nesta.org.uk/areas_of_work/creative_industries.
[3] Skillset Fashion and Textiles estimates from the Annual Business Inquiry (ABI) 2007 statistics on Gross Value Added (GVA). Using the ABI therefore excludes the contribution of the large self-employed and micro-business segment of the sector.
[4] ABI 2003 & 2007 based on Skillfast-UK estimates

English manufacturing of textiles, leather and clothing, where GVA dropped quite considerably since 1999 although starting to stabilise pre-recession. These started to show an increase in productivity per head. For those in employment, their contribution to the economy is estimated to have risen to £40,000 per head from £30,000 between 2003 and 2007.[5] In comparison domestic market services such as cleaning and repair have remained stable during this period.

These figures help illustrate the extent to which outsourcing of low value production increased and movement up the value chain of fashion and textile manufacturers with strong export and international market has been exploited, particularly of high value, low volume products. Export figures show a gentle increase for fashion and textile products over the past 10 years with clothing having the largest growth area of approximately £1bn or a 31% increase[6].

When looking at exports, it is useful to note the context within which the fashion and textile market is operating. Between 2008 and 2009, the balance of payments for exports of fashion and textiles in the UK rose just 0.3%, however for all manufactured goods the picture was a lot less assured, with a net loss of 7.9%[7]. It can only be concluded that the fashion and textiles sector has performed more positively in relation to the wider economy, with strong productivity levels per head and demand through export markets being exploited.

GLOBALISATION
Probably the greatest impact on export focused businesses has been globalisation. Many of the changes seen in business structure and models have been driven by international market forces. The sector's ability to embrace the international market environment and work effectively within it is of significance and value to the UK economy.

The truly global market environment has led the industry to identify and diversify its business models, notably through increased outsourcing, entering new markets, separating specific production phases or greater use of communication technology[8]. Not all these changes have been successful, but for those who have succeeded, there is evidence to suggest their introduction of innovative business practices has gained access to new markets. The key strategies being exhibited are:
1. Niche market production (fashion and technical products), involving technical products, high design input and consequently higher profit margins.
2. Balanced Sourcing (for fashion design and contract supply) – spreading the production, with sample production being UK based then small batch production and larger orders being outsourced to low cost countries. Businesses are more reliant on strong contract and negotiation skills combined with innovation and design.
3. Overseas (for fashion design and contract supply) - with off shore production for everything except sampling relying on excellent production management skills

The impact of the economic performance and diversification of markets has compounded existing skill issues for fashion and textiles employers, which are becoming more acute as the sector attempts to grow and reposition itself in the global market place.

BACKGROUND ON THE SECTOR – WHO, HOW MANY AND WHERE:
In order to assess the skills issues more effectively, below is a summary of the make-up of the workforce in England. As a preface, analysing the statistics for the fashion and textile sector is notoriously difficult – the categorisation of sub-sectors in government statistics does not always include the self employed (ABI data) and comparing like with like is not always possible. Therefore the following are an accurate a summary as possible within these constraints.

- **Company Size:**
  - Fashion and textiles employs 290,000 people within 72,000 businesses in England[9]
  - Using official statistics, 90% of the businesses employ between 1 and 10 employees (equivalent to 30% of the workforce) and just 3% have over 50 employees (equivalent to 41% of the workforce[10]). This excludes self employed companies.

[5] Based on GVA output per head, calculated from ABI data in 2003 and 2007
[6] ONS Regional Accounts via Stats Wales beyond 2020 database for England
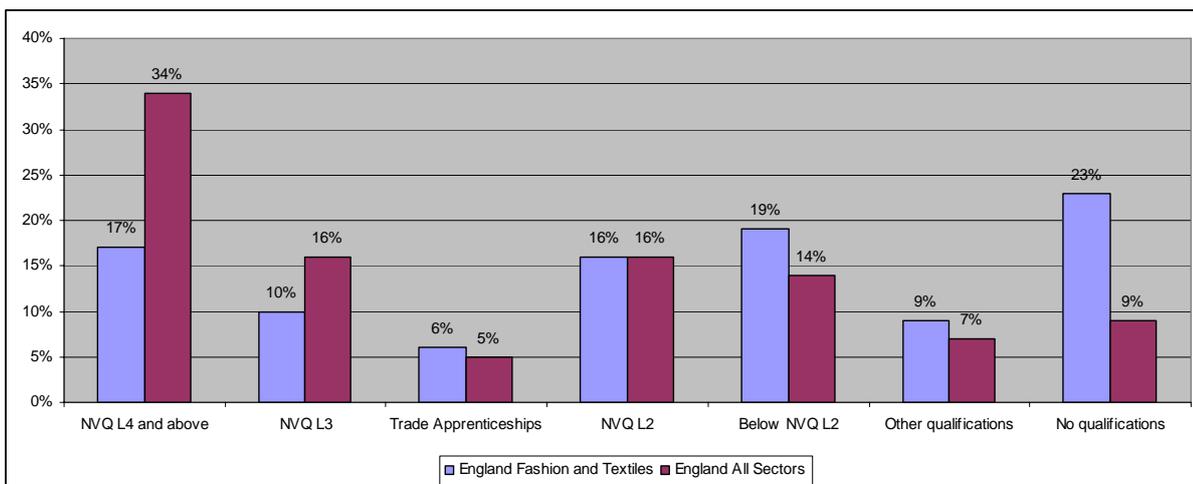[7] http://www.statistics.gov.uk/downloads/theme_economy/Mq1010Q1r.pdf
[8] Evidence for most of this from the Baldwin 2006 (in Bottini et al 2007)
[9] Tbr 2008 – Resizing the Fashion and Textile Sector and the contribution of micro and small businesses

- **Employment levels:** within the sub-sectors in England, employment levels are split: [11]
  - 38% within Apparel and Sewn Products
  - 38% in Textiles
  - 18% Laundry and Dry Cleaning
  - 6% Footwear and Leather
  - Design and design related companies are not separated and cannot be compared to the above figures

- **Employment demographics**[12]
  - The majority of the workforce is female (51%),
  - 16% are from Black, Asian and Minority Ethnic groups (BAME)
  - 18% of the workforce is self employed.
  - 25% are part time workers
  - 21% of the workforce are over 55 years (compared to just 17% in other sectors)[13]

- **Regional importance**[14]
  - The North West, Yorkshire, Midlands and London are the key regions in England that contribute significantly
  - The North West employs the majority of workers in the sector
  - London is the second largest employer with 13,600 businesses employing 46,000 people

- **Occupational distribution in England**[15]
  - Process, Plant and machine operatives (26%),
  - Elementary occupations (18%)
  - Managers and senior officials (18%)
  - Skilled trades (12%)
  - Associate, professional and technical (9%)
  - Administrative and secretarial (8%)
  - Sales and customer service occupations (7%)
  - Professional occupations (3%)
  - Personal Service occupations (1%)

- **Level of Qualifications -** Fashion and textile companies do not compare favourably with other UK based markets in terms of the qualifications held by the workforce, as the table below illustrates:

Qualification levels – NESS 2007

[10] ABI – Annual Business Inquiry, Office of National Statistics - 2007
[11] ABI 2007 – it should be noted that the data available only allows analysis of 4 out of the 6 subsectors and SIC codes allocated to form these.
[12] APS – 2008 – Annual Population Survey
[13] APS – 2008 (ditto)
[14] TBR (2008) *Resizing the Fashion and Textiles Sector*
[15] APS – 2008 – for a breakdown of key job titles within these occupations, see page 16 of the SSA England

A recent study also shows our EU counterparts have a higher proportion of the workforce with recognised qualifications either gained through training in the workplace or through college[16].

The relative lack of investment and training within the English fashion and textiles sector has highlighted the differences between the UK and the EU. However, it would appear that English companies are moving toward greater engagement and investment in training to address the skill shortages and adapt to changing markets in order to remain competitive in recessionary and post recessionary times.[17]

In terms of the public policy landscape, the Coalition Government has made it clear that the deficit reduction programme takes precedence over any other measure. Although in their Strategy for Sustainable Growth, BIS would be looking at co-investment with employers in high-growth and dynamic areas of the economy, this will have to be reviewed with in the context of the forthcoming Comprehensive Spending Review. Overall, this points to a greater emphasis on employers themselves to tackle skills gaps and shortages.

THE SKILLS AGENDA
The diversification, impact of globalisation, market forces and more recently the recession has led businesses to move toward a strategy of differentiation – setting the UK apart from its global competitors. However, this requires a new set of skills and technical capabilities in-house to remain competitive in both domestic and international markets.

The key skill drivers to address the level and mix of skills needed to optimise business opportunities vary in importance between the different sub sectors and regions, but to summarise are:

1. **Technical textiles** - innovative and high level technical solutions in a number of industries from nano-technology to performance work wear. Work in this area is focused in the North West
2. **Fast fashion** – driven by consumer demand for the latest trends, design and supply chain distribution has had to evolve. However, there is also evidence to suggest that this market could benefit UK and England based manufacturers.
3. **The British style** – there is an internationally recognised British style which is popular within both domestic and increasingly export markets, notably of luxury and high end items. High quality British styled designer fashion saw an increase in employment from 98,500 in 2000 to 130,700 in 2006[18]
4. **Technology** – ability to harness new technologies including computer aided design, materials technology, processing technologies and lifecycle management. This includes the significant increase in online retailing and selling direct from source.
5. **Migration** – manufacturers in particular have benefitted from the access to highly skilled workers throughout the EU as it has expanded. However, the recent recession and subsequent return to home countries of migrant workers may exacerbate existing skills issues in England.
6. **Image of the sector** – perception of the sector amongst the young generation is poor, a recent survey amongst 14-19 year olds ranked fashion and textiles 9th out of 10 options for potential careers, though a key reason for this is the lack of awareness and understanding of sector job roles.
7. **Sustainability** – since 2005, sustainability has become a key branding and marketing tool and has changed some company behaviour. It is supported by DEFRA[19], who published a Sustainable Clothing Action Plan in 2009 (subsequently updated in April 2010).

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

[16] Karra – 2008 The UK designer Fashion Economy, Centre for Fashion Enterprise and NESTA
[17] Skillfast Consultation with employers 2009 a
[18] DCMS – Department of Culture, Media and Sport, 2009
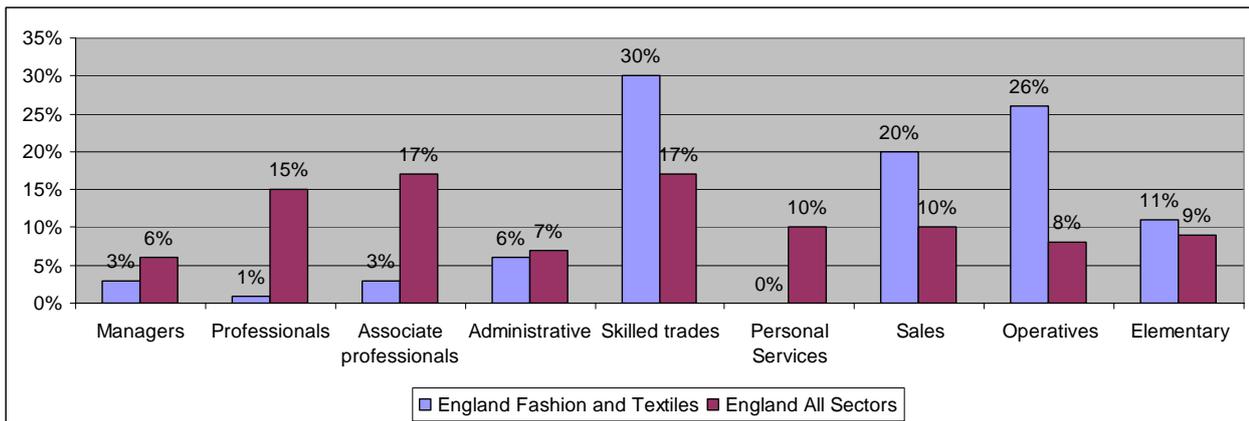[19] DEFRA – Department of the Environment, Food and Rural Affairs – government department

- **Design creativity** – allied to strong technical skills and commercial awareness.
- **Branding and marketing** – strong branding to identify and exploit new markets, in niche areas and on a global level.
- **New product development and commercialisation of new technologies** – allied to attracting graduates of science, technology, engineering and maths (STEM) subjects.
- **Management, leadership and business skills** - coupled with technical understanding
- **Overseas sourcing** – strong understanding of the production environment, supply chain and production management, product and material technology.
- **Cost reduction** – recognising skill gaps and how to up-skill and multi-skill at operator level.
- **Ageing workforce** – understanding how to both recruit new people to replace retirements whilst also effectively passing craft and technical skills onto a new generation

SKILL GAPS AND SHORTAGES

The sector has a relatively loyal workforce (the average term for an employee is 5 years)[20], which means relative to all sectors there are fewer vacancies. However, when workers do leave, the proportion of these posts that are hard to replace are significant and greatly impact employers who state loss of business or orders, delays in developing products and services and increases in operating costs.[21].

The table below illustrates the specialist nature of the jobs that are hard to fill compared to the wider workforce and shows a startling difference between the two.

Figure 23: Profile of skill-shortage vacancies by occupation - NESS 2007

 Skilled trades: garment alternation/ repair, weavers, knitters, leather and related trades, carpet fitters, dressmaker and tailors. **Operatives:** sewing machinists, textile process operatives, chemical and related processes, clothing cutters

In terms of the sub-sectors, footwear and leather occupations appear to be the hardest hit by hard to fill vacancies, with 66% of employers reporting difficulties in recruiting. Laundry and dry-cleaning as well as apparel and sewn products are clearly also struggling with 60% and 59% of employers respectively, stating they would face issues with recruitment if vacancies occur[22].

When the research is drilled into further, it would appear that the English fashion and textile sector has a greater incidence of employees that are not fully proficient, compared to the wider English workforce, yet has one in eight workplaces recording a skills gap[23] (a skill gap is where an employer has identified a deficiency in the workforce).

The occupations reporting the highest level of skill gaps are elementary and operative levels, which proportionally soars above the figure across all sectors in England, emphasising both the nature of jobs within the sector but also where the highest proportion of gaps exist in fashion and textiles..

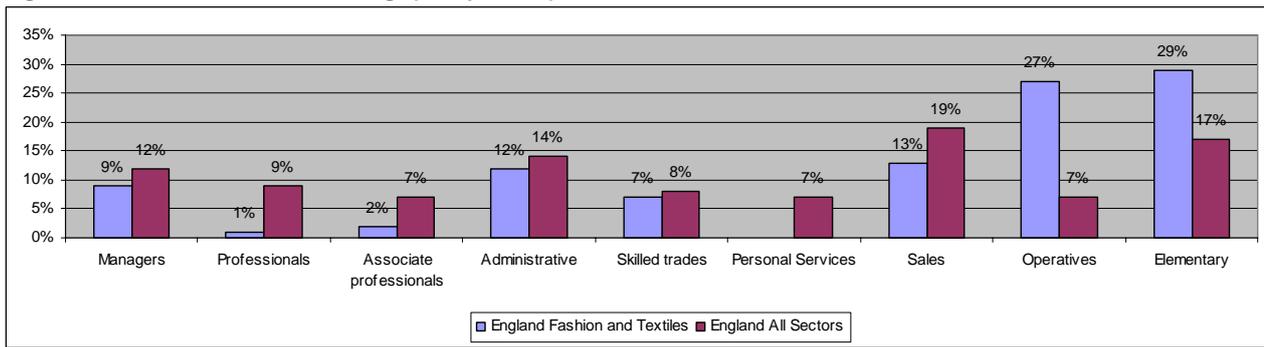[20] APS (2008) based on SIC codes 17-19, 5271 &9301 Fashion and Textiles
[21] NESS National Employment Statistics Survey 2009
[22] Skillfast-UK (now Skillset) Survey of employers 2008
[23] NESS 2007, SESS 2006, FSW 2005, NISMS 2008

Figure 26: Distribution of skills gaps by occupation – NESS 2007

The nature of these skill gaps highlights the real skills issues that are apparent in the English fashion and textile sector. Translated into actual skills, the following is a list of the causes and relative importance each skill gap has within the businesses surveyed compared against all sectors.

Skill issues	Fashion and Textiles	All Sectors
Technical and practical	58%	51%
Team work	50%	40%
Problem-solving	45%	35%
Oral communication	40%	41%
Customer handling	35%	41%
Written communication	35%	27%
Management	30%	26%
Literacy	28%	19%
Numeracy	25%	15%
General IT user skills	15%	22%
Office admin	12%	18%
IT professional skills	7%	12%
Foreign languages	6%	9%

Source: NESS 2007

The majority are higher than the national average – some startlingly so – but of most concern will be technical and practical, team work, problem solving, management, literacy and numeracy – all vital to a successful business and highlight the sector specific nature of the skill gaps in the industry.

When asked what actions employers had taken to overcome hard to fill vacancies and therefore by definition, to bridge their own skill gaps, most responded by increasing spend on recruitment costs – very few looked inward at their own training programmes whether for existing or new employees[24].

SKILL PRIORITY AREAS
In a couple of employer focused surveys[25], almost half of the employers placed a high level of importance on the need for the education and training system to help improve the numeracy, literacy, sales and marketing skills in young people. Common skill priorities for the existing workforce included professional development skills in international trading, recruiting and retaining young people and improving management, leadership and supervisory skills.

The priorities of each of the sub-sectors match the direction of the businesses – apparel and sewn products for example, emphasises the need for international trading, sales and marketing skills, whilst laundry and dry cleaning concentrated on recruiting and retaining young people to replace the ageing workforce.

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[24] NESS 2007
[25] Skillfast UK survey and NESS surveys

Employers also cited a need to find colleges and or training providers that can deliver relevant training and technical skills, and improving in-house training, through the development of in-house coaches. Whilst at graduate level, there is a high level of concern at the lack of relevant design and technical skills for current business and commercial needs.

CONCLUSION

There are a series of scenario or forecast planning reports for the sector available in the full Sector Skills Assessment for England report[26], which predict continued growth in the export markets, particularly in the high quality and niche areas at home and abroad (N.B. these reports draw on data from before the current recession). However, the current level of qualifications and the skill shortages and gaps in both the existing and potential workforce highlighted in this report, emphasise how vital it is that the right skills are accessed to optimise the growth areas where they exist and to remain competitive internationally.

Given the political, economic and social environment, there is greater emphasis to deal with these skills issues from within industry alongside established education sector. Skillset have a portfolio of qualifications across the sub-sectors which are fit for purpose, having been written and endorsed by employers.

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[26] http://www.skillset.org/uploads/pdf/asset_14774.pdf?2