skillset
The Sector Skills Council for Creative Media

Sector Skills Assessment for the Fashion and Textiles Sector in Wales

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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. 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 Wales.

The Fashion and Textiles Industry in Wales

The fashion and textiles sector in Wales accounts for almost 3,000 firms employing just under 10,000 people. Fashion and textiles employment in Wales is centred around the manufacture of textiles which employs 38% of the workforce. The manufacture of clothing and washing and dry-cleaning services are also significant employers.

In terms of occupations, signifying the high number of micro-businesses within the sector, managerial and senior official roles account for 17% of the workforce whilst there is also a high prevalence of process plant and machine operatives and elementary occupations which both employ 19% of the workforce.

Excluding the self-employed workforce, gross value added (GVA) for the sector in Wales is estimated at just under £150 million, with GVA per head measured averaging over £29,000.

Drivers of Skill Demand

Through our consultations with employers in Wales, a number of key drivers of skills demand have been identified within the fashion and textiles sector. The table below sets out the key factors behind these and the skills implications these bring.

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 and new strategies adopted.	A reduced network of infrastructure and increased demand for multi-skilled workers.
The role of globalisation 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 higher value-added products, such as 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 the British style	Distinctive 'British Style' and strong brands that are highly valued in both domestic and international markets.	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 these brands.

Skills Needs

Vacancies and Recruitment:

At 15 percent, a far lower proportion of employers in the fashion and textiles industry in Wales have vacancies.

The main barriers to recruitment are as follows:

- Poor perceptions of the sector
- Low entry level wages
- A lack of awareness of the career opportunities within the sector
- Poor industry links with education
- Attractiveness of other sectors
- Poor recruitment mechanisms for the sector
- Lack of suitable education and training opportunities

Skills Shortages

Despite this lower level of vacancies, mainly due to a settled workforce, a far higher proportion of employers in the fashion and textiles sector report having hard-to-fill (57%) and skills shortage vacancies (39%) as a proportion of vacancies. This represents the technical and specialised nature of job roles within the fashion and textiles sector and lack of individuals available that possess these often tacit skills.

Findings from the 2008 Fashion and Textiles employer survey illustrate that compared to the wider UK fashion and textiles workforce, the sector in Wales reports a slightly higher perception of skills shortages within the workforce at 61%.

The skills shortages identified during the fashion and textiles employer survey in Wales found employers perceived skills shortages across a number of occupations within each of the fashion and textiles sub-sectors:

Skills Gaps

Skills gaps are skills deficiencies identified by employers within their existing workforce. Future Skills Wales 2005 reports 11% of fashion and textiles employers in Wales reported a skills gap. This is in contrast to the wider Welsh workforce that reported 18% of establishments reporting this problem.

The fashion and textiles employer survey 2008, reports 16% of Welsh fashion and textiles establishments suffers from a skills gap which is on par with the UK figure. Establishments within textiles and apparel and sewn products sub-sectors reported the highest number of skills gaps.

Addressing Skills Needs

The Annual Population Survey 2009 reports that 17% of Welsh fashion and textiles employees had received job related training in the past 13 weeks. This is in contrast to 28% for the wider Welsh workforce.

Consultations highlighted a number of factors that influence the effectiveness and participation in of training provision including:

- Availability
- Content
- Delivery mechanisms

Anticipating What Lies Ahead

Working Futures III forecasts a continuing contraction in workforce numbers with employment by 2017 continuing to fall, albeit at a slower rate than previously seen. Despite this continued decline in the gross number employed, the sector will experience positive net recruitment requirements. This is due to the large number of people forecast to leave the sector through retirement and the need to fill these emerging vacancies. In all, taking 2007 figures as a base, well over a third of the workforce will require replacement by 2017.

The sector will continue to lose a substantial amount of jobs within the operative elements of the sector to 2017, although the pace of change will be less pronounced than seen in previous years. Administrative, skilled trades and elementary occupations are all also expected to see large declines in workforce proportions, whereas managerial and technical positions will proportionally make up a larger part of the workforce.

On a European level[1], 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.

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

1. Introduction

Introduction

Skillset is the Sector Skills Council representing the Creative Media Industries and as of 1st April 2010 the Fashion and Textiles sector. 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 industry in Wales.

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[2]; apparel and sewn products; footwear and leather; 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?

Research Methodology

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

- Reviewed recent and relevant data related to the fashion and textiles sector including:

[2] Whilst textiles and technical textiles form separate groupings, for reporting purposes these activities are combined.

- The Future Skills Wales Skills Survey 2005 (FSW 2005) which surveyed 117 employers
- The Fashion and Textiles Survey of Employers 2008 that surveyed 100 employers in Wales

- Reviewed recent and relevant literature related to the fashion and textiles sector.
- Conducted telephone consultations with ten employers from the fashion and textiles sector in Wales ensuring each of the sub-sectors has been represented
- Shared the key findings from the tasks outlined above with a sample of representatives from the fashion and textiles sector to provide further verification and input from individuals within the sector.

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 Wales.
- **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 Wales by assessing the growth potential for the sector and the future skills needs, plus actions required by the sector.

2. The Fashion and Textiles Sector in Wales

2.1 A brief introduction to the Fashion and Textiles sector and product structure of the sub-sectors

The Fashion and Textiles sector in Wales employs almost 10,000 people within 3,000 firms. This is in contrast to the Annual Business Inquiry (ABI) figures that show just over 5,000 people work within the sector. As the ABI dataset excludes the self-employed and micro-businesses, this illustrates the large amount of self-employment and micro-businesses that operate within the fashion and textiles sector in Wales. Consultations with sector employers highlighted the large number of businesses and employers who fall into this category.

The tbr data reveals the majority of fashion and textiles employment in Wales is centred around textile manufacture (specifically the manufacture of made-up articles of textiles) and accounts for over a third of the sectors employment. Clothing manufacture and washing and dry cleaning services are also significant employers within the sector.

Over a thousand workers are employed within these activities. However, unlike the composition of the fashion and textiles sector in England and Scotland, but similarly to Northern Ireland, Wales does not have the same level of wholesaling activity.

Table 1: Businesses and employment

UKSIC	Description	Firms	Employees
15113	Fellmongery	*	20
17	Textile manufacture	850	3,740
18	Clothes manufacture	510	1,710
19	Leather manufacture	30	200
2124	Wallpaper manufacture	*	210
24422	Non-medicaments manufacture	*	10
247	Manmade fibre manufacture	20	170
3310	Medical equipment manufacture	0	*
4543	Floor/wall covering	280	360
5111	Agents raw materials	10	20
5116	Agents textiles/clothing/leather	20	70
5124	Wholesale hides/leather	*	10
5141	Wholesale textiles	80	210
5142	Wholesale clothing/footwear	240	820
51479	Wholesale other household goods	30	200

5156	Wholesale intermediate products	0	*
5271	Repair shoes/leather	120	200
5274	Other repair	250	430
71409	Rent personal/household goods	20	80
74872	Speciality design	50	80
9301	Wash/dry clean	430	1,280
	Total	**3,000**	**9,840**
	Technical Textiles	**10**	**170**

tbr 2008 - * Suppressed due to sample size/confidentiality, i.e. less than 5 employees

2.2 Employment sizebands

The sector in Wales is composed of small and micro businesses. Whilst these figures are based on firms with employment, data from the 2008 Annual Business Inquiry highlights that 83% of all fashion and textile workplaces in Wales employ fewer than 10 employees.

However, employment within individual firms is more evenly distributed. Whilst 31% are employed within workplaces employing 1 to 10 employees, 34% of the workforce is employed within workplaces that employ over 50 people.

Whilst sizeband level data is not disclosable for Wales by sub-sector, the data suggests that the fashion and textiles service sector activities of shoe repair and laundry and dry-cleaning services (although evidence suggests laundry services are a larger employer) are smaller businesses. In comparison, textiles and leather manufacturing are both marginally larger employers, mainly due to the nature of the work undertaken and the economies of scale within these. Wholesaling activities employ a proportionate number of people across the sizebands.

Table 2: Employment and employees by sizeband within the Welsh fashion and textiles sector

	1 to 10	**11 to 49**	**50 and above**
Employment	83%	15%	2%
Employees	31%	36%	34%

Source: ABI 2008

2.3 Self-employment

The Annual Population Survey highlights how 18% of the fashion and textiles workforce in Wales is self-employed and constitutes a prominent part of the sector. This compares to 14% of employers within the wider economy in Wales. Consultations in Wales drew out that skilled operatives tend to be self-employed and work on a contract basis due to historical employment issues and flexible working patterns. Such operators are therefore employed to meet peak demand for skilled operations such as sampling. Messages from the consultations concerned the continued prevalence of home working linked to skilled-trades operatives who make their services available to companies as and when required on a freelance basis.

2.4 Occupational breakdown in Wales

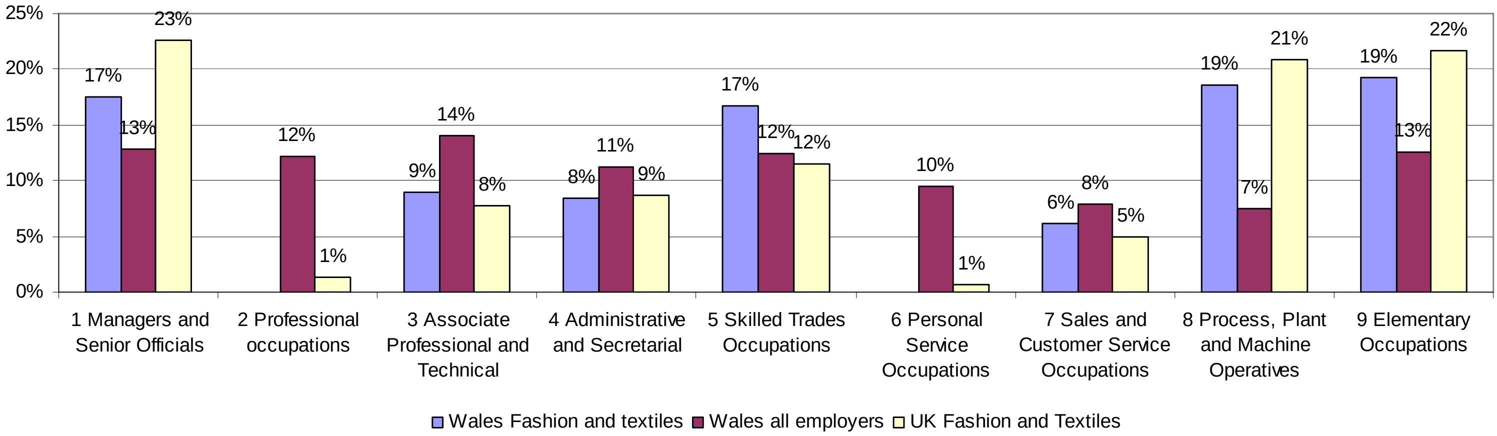
As with the fashion and textiles sector in the UK, the occupational make up of the sector in Wales is dominated by process, plant and machine operatives (21%) and elementary workers (22%). This is due to the significance of both the manufacturing and laundry and dry cleaning services to the sector in Wales with occupations such as sewing machinists, textile operatives and laundry and dry-cleaning workers predominant and fall within these occupational groupings.[3]

At 17%, skilled trades workers are an important part of the workforce and make up a higher proportion than in the UK fashion and textiles sector. This emphasises the importance of these tacit, craft skills for the fashion and textiles sector in Wales.

The sector also employs a larger number of managers compared to the all sector Wales average although this is lower than the UK fashion and textiles average. This highlights the large number of SMEs in the sector with consultations identifying owner managers that traditionally took on job roles as required. The nature of the roles would cover all areas of the sectors business needs. Skill professionalism would vary considerably between required job roles as many owner / managers would be self trained or through in-house training dependent on need.

[3] For a full explanation of these occupational groupings in relation to fashion and textiles, please see Annex.

Figure 1: Occupational breakdown Wales



Source: APS 2009 Based on SIC 2007: 13, 14, 15, 2060, 4616, 4624, 4641, 4642, 9523, 9601 (Professional and personal service occupations are undisclosable.)

2.5 The Value of the Fashion and Textiles sector in Wales

Using ABI data, the GVA of the fashion and textiles sector in Wales is worth almost £150 million to the economy. However, it must be noted that these numbers are an underestimation of the true figure given the large amounts of self-employment and micro-businesses these figures exclude.[4]

The manufacture of textiles is the most valuable function worth over £65 million, whilst the wholesaling of footwear and clothing is valued at £32 million. The various wholesaling functions contribute the most in terms of GVA per head, symbolising the high value of goods and the relatively smaller number employees needed to enable these activities.

[4] The ABI data excludes micro and the self-employed workforce. Therefore this estimation should be seen as an underestimation of the true value to the Welsh economy. 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.

Table 3: The Value of Fashion and Textiles functions in Wales

	Number of enterprises	Total number of employees	Total Turnover £000's	GVA at Basic Prices £000's	GVA ph £
Manufacture of textiles	156	2,367	155,316	65,177	27,530
Manufacture of wearing apparel	91	447	37,504	13,606	30,426
Manufacture of leather and related products	13	127	*	2,448	19,232
Agents involved in the sale of textiles clothing fur footwear and leather goods	36	122	22,008	4,571	37,543
Wholesale of hides skins and leather	*	*	*	*	*
Wholesale of textiles	34	229	31,589	9,988	43,681
Wholesale of clothing and footwear	103	783	175,424	32,225	41,151
Repair of footwear and leather goods	17	57	427	211	3,727
Washing and (dry-)cleaning of textile and fur products	98	911	30,000	18,048	19,820
All Fashion and Textiles	**548**	**5,043**	**452,269**	**146,275**	**29,008**

Source: ABI 2008

2.6 The geography of the Fashion and Textiles sector in Wales[5]

Table 4: Geographical spread of the fashion and textiles sector in Wales

Welsh Region	Total
South Wales	48%
North Wales	30%
West Wales	15%
Mid Wales	6%

Source: ABI 2007

The fashion and textiles sector in Wales is heavily clustered around the South East of the country, with 48% of employment within this region. Further analysis shows over a third (36%)

[5] Data for this section is from the Business Register and Employment Survey accessed via NOMIS. This sample also includes self-employed business owners within the analysis.

of all fashion and textiles sector employment within Caerphilly, Cardiff, Rhondda, Cynon, Taff and Swansea.

There are also key pockets of activity that exist around Flintshire, Powys and Carmarthenshire, each contributing around 7% of total fashion and textile employment in Wales.

By sub-sector, these clusters are also apparent. Examining data for the four sub-sectors that official data sources give location information for, the key messages are:

Apparel and sewn products

The largest employing county/unitary authority within apparel and sewn products can be found within Flintshire, accounting for 12% of all employment. However, the sub-sector as a whole is concentrated around the South East of the country, with between them; the cities of Cardiff and Swansea are responsible for almost a fifth of all employment within this sub-sector. Carmarthenshire, Powys and Denbighshire also employ a number of people within this sub-sector.

Textiles

Activity within the textiles sub-sector is heavily centred around Caerphilly, with almost a third of textile employment based here. Within the South East, Rhondda Taff, Torfean, Cardiff and Merthyr Tydfil employing over a third of all textile employment here. Employment can also be found within Powys.

Footwear and leather

Footwear and leather is a niche concern for the sector in Wales, with data suggesting Rhondda Cynon Taff employing over a quarter of the workforce involved in these processes. Bridgend, Cardiff and Swansea in the South East employ a number of people within this sector. There are also pockets of employment identified within Gwynedd and Powys.

Laundry and dry-cleaning

Given the nature of laundry and dry-cleaning services, these tend to mirror the population of urban conurbations. In this respect, employment is centred around the within sizable employment areas around Pembrokeshire, Cardiff, Rhondda Cynon Taff, Wrexham and Swansea, each of which contribute around ten percent each.

3. Drivers of skills demand

3.1 Introduction

This chapter sets out the key drivers of skills demand identified by employers during our consultations with employers in Wales that have shaped and will shape the current and future skills needs of the fashion and textiles sector in Wales.

3.2 The Current Economic Climate

Consumer spending

Whilst figures are not available for Wales separately, UK statistics indicates consumer spending on fashion and textiles products has held up well during the recession with only slight falls in spending reported in the annualised figures between 2009 and 2010.[6] 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 consumer 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.[7]

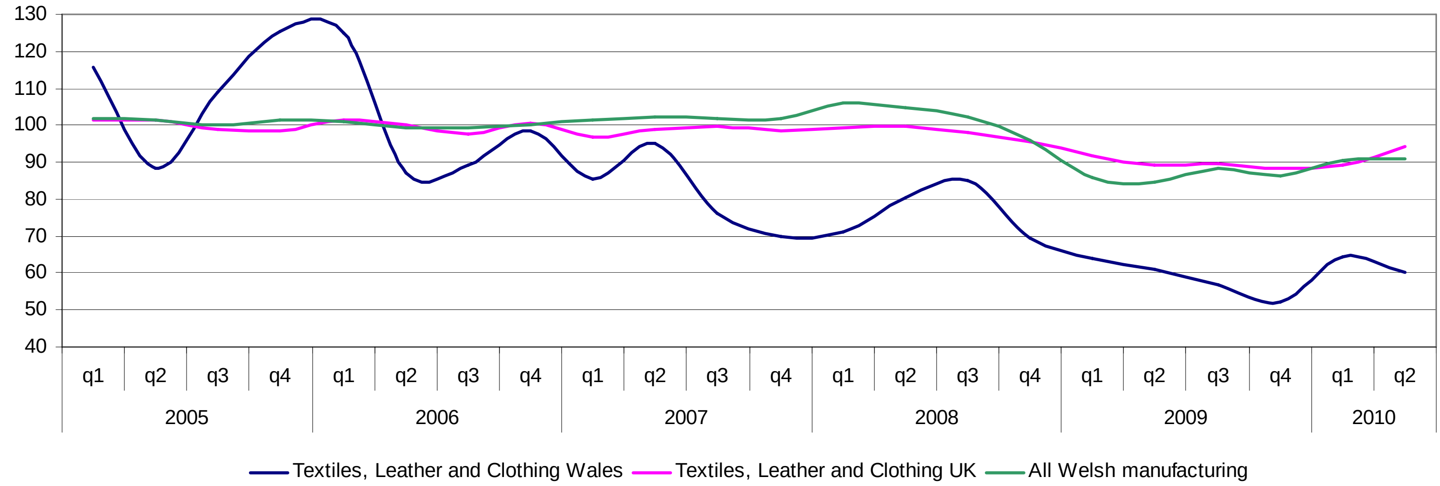
Manufacturing Productivity

Differing from the pattern exhibited within the wider Welsh manufacturing base, the productivity of the fashion and textiles sector in Wales has been impacted greatly by the recession. Figure 2 demonstrates that textiles, leather and clothing production in Wales has been on a continual and steady decline. This is in contrast with the situation observed in both the UK fashion and textiles sector and wider Welsh manufacturing industries which had been one of far steadier decline during the recession.

[6] Please see the UK SSA for further details on this
[7] Further information is available in the UK SSA 2010.

Whilst reporting from a smaller economic base which means subtle changes in fashion and textiles manufacturing leads to greater fluctuations in activity than in the UK, production currently stands 40% lower than in 2006. This is mainly due to the closure of a number of high profile, large employing apparel manufacturing plants and the off-shoring of these operations during this period. In contrast fashion and textiles production in both the UK fashion and textiles sector and also within wider Welsh manufacturing have both observed sustained increases in productivity during 2010. This follows the large declines in production experienced during the recession. It has been observed that traditional textile manufacturers throughout the UK were less resistant to the downturn, and suffered against increased costs and demand for lower priced products from consumers.

Figure 2: Welsh Fashion and Textiles Manufacturing Production



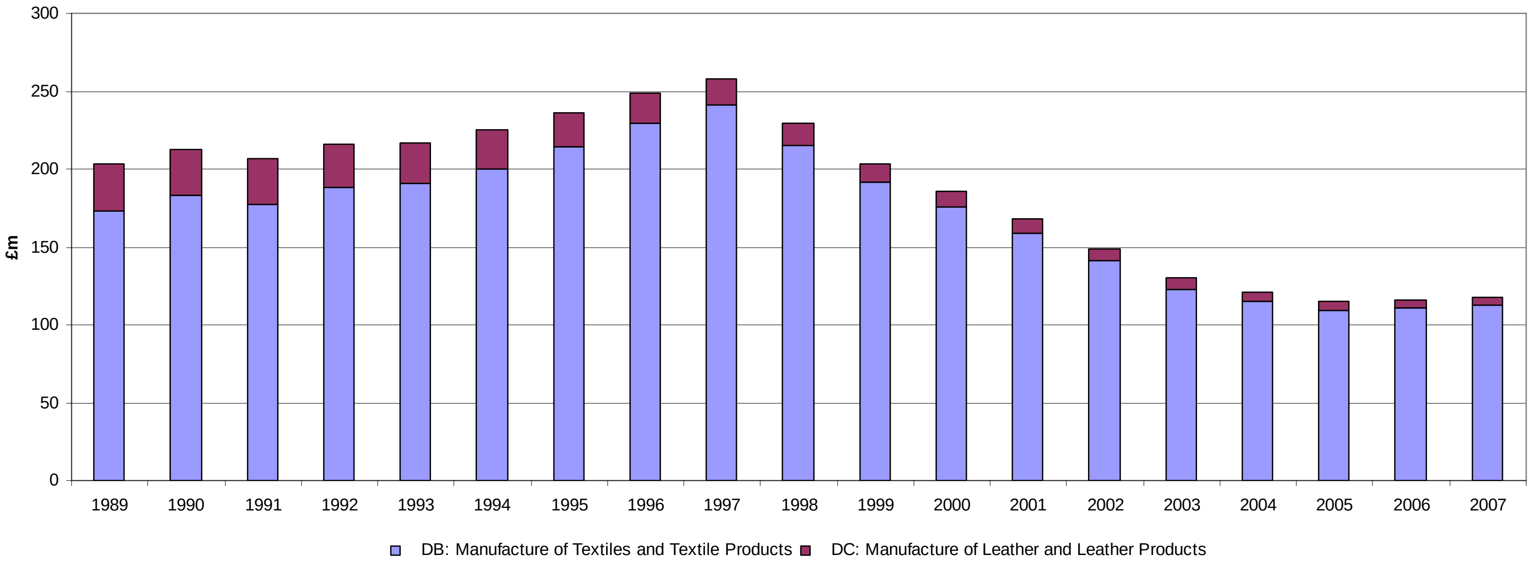
Source: Stats Wales 2006 = 100 Not seasonally adjusted

3.3 Historical journey/ a realigned sector

Accompanying this recent decline in production, on a more historical level, the fashion and textiles manufacturing base in Wales has experienced large falls in GVA as the sector adjusts to the opportunities and challenges afforded to it by globalisation and with it the off-shoring of low cost, manufacturing. This has seen the sector realise drastic cuts in production over the last decade from a peak in 1997, with many production companies moving operations overseas, or increasing their percentage of production overseas, also know as balanced sourcing.

However, recent GVA data to 2007 highlights how these falls had begun to stabilise pre-recession and recorded a slight increase in production levels. Consultations indicated that this may be due to Welsh manufacturers now being able to compete with movement to fast-turn production. This is due to retailers increasingly reducing their forward order through their offshore production routes and looking closer to market for production to ensure demand is met quickly.

Figure 3: Fashion and Textiles manufacturing GVA in Wales



Source: ONS GVA regional accounts

Employment

Data from the Annual Business Inquiry allows us to observe how employment within the fashion and textiles sector in Wales has reacted to economic change over the past five years. By 2008, the fashion and textiles sector in Wales had lost 25% of its employment base since 2004. This in part is due to the outsourcing of manufacturing and the continued imports of cheaper fashion and textile goods which reduced the need for repair and service activities. Messages include:

- The biggest net loss in employment has been within clothing manufacture, having shed 73% of its employment although 2008 before the recent recession had seen gains in employment. Such losses in Wales can be attributed to high profile clothing manufacturing plants reducing production, downsizing units to become customer responsive and meet fast demand or closing down plants entirely.

- However, textile manufacturing has held up relatively well with only an 8% decline. Indeed, there was an observed increase in employment numbers between 2007 and 2008.

- Reflecting the increasing importance of import, export and distribution functions complimented by continued consumer activity; and the observed strategy of manufacturers diversifying into this area, wholesaling activities have increased their employment base by 4%.

- Service functions within the fashion and textiles sector have also seen falls in employment. The accessibility of lower cost footwear has meant the repair of boots, shoes and other articles of leather have seen large falls in employment. Laundry and dry-cleaning has also seen drops in employment due to employers looking for increasing economies of scale. This is especially true within the laundry sector. However, the increased consumer spending on these items has suggested that recent employment levels are stabilising and may indeed by improving.

Table 5: Employment in Wales by key fashion and textiles function

	2004	2005	2006	2007	2008	% change 2004-2008
Textile manufacturing	2,900	2,900	2,800	2,300	2,700	-8%
Clothing manufacture	1,500	900	800	200	400	-73%
Leather and leather goods manufacturing	200	100	*	200	200	-15%
Fashion and Textile wholesaling activities	1,100	1,400	1,200	1,300	1,200	4%
Repair of boots, shoes and other articles of leather	200	100	100	100	100	-61%
Washing and dry cleaning of textile and fur products	1,300	1,300	1,400	1,200	900	-29%
Total	7,200	6,700	6,300	5,200	5,400	-25%

Source: Annual Business Inquiry n.b. changes occurred for reporting between 2005 & 2006 and 2007 & 2008 and are therefore not strictly comparable. Rounded to nearest 100.

Claimant count

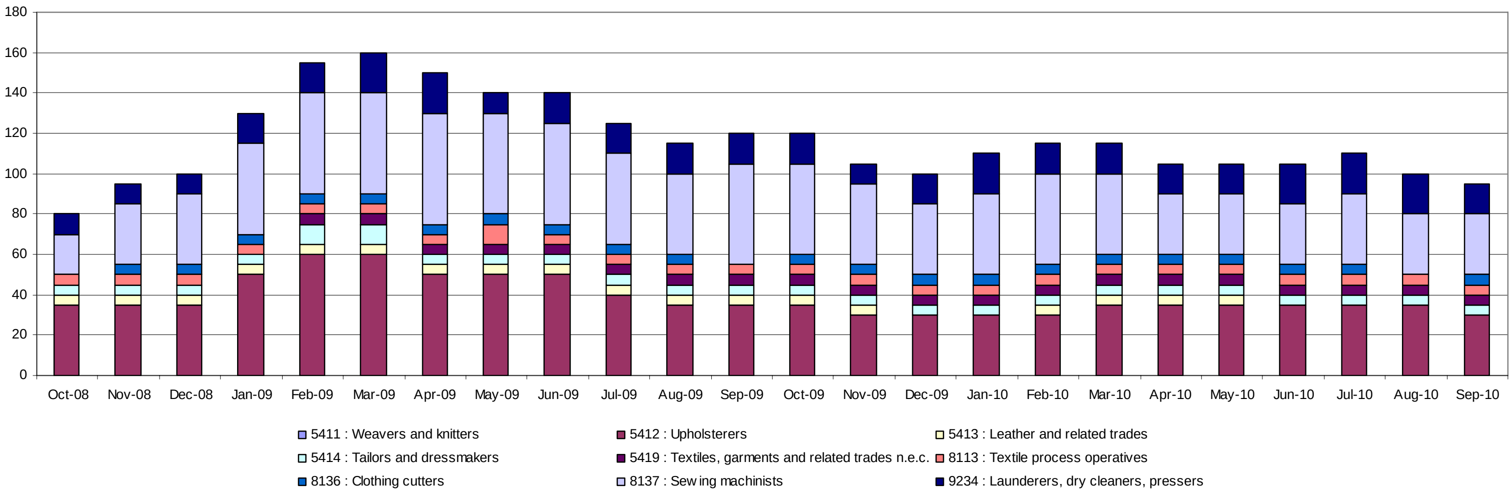
Another indicator of the health of the employment market in the Welsh fashion and textiles sector is the monthly claimant count notified to Job Centre Plus. This data provides an insight into labour market conditions, recording the number of claimants looking for fashion and textiles associated work.

Despite the difficult period Welsh fashion and textiles manufacturing is currently experiencing, the most recent data recognises claimant figures have decreased to their lowest level since December 2008, having peaked in March 2009.

Whilst this may indicate people are finding alternative work or no longer seeking work within the sector, it does show recent levels are far lower then the peak of March 2009. However, whilst there has been a reduction in recent months, claimant levels are persistent and still at a similar level to December 2009. Notably there have been fluctuations in laundry and dry-cleaning and sewing machinists looking for this type of work within the count.

Indications for this drawn from the consultations suggest that this may be attributed to many employers feeling that they have achieved optimum staffing levels, allowing them to achieve production targets. However, consultations highlighted that this situation has meant that employment policy requires an amount of crisis management, as when dependent staff are not available, there is no spare capacity which consultations affirmed led to short term recruitment issues.

Figure 4: Claimant count



Source: DWP via NOMIS

General business confidence

Consultations with employers across the fashion and textiles sector in Wales have highlighted how the various economic indicators are continuing to impact business confidence, which remains low, particularly within manufacturing. The consultations revealed many were concentrating on survival tactics throughout the downturn period.

Lack of funding through normal finance options along with limited credit insurance options in the banking sector continue to be problematic with banks reducing risks has also made capital investment difficult. A number of leading retailers going into administration has increased banking reluctance to finance suppliers on forward orders and instilled tougher risk restrictions on funding have all impacted the sector.

Costs were also raised as an issue with the planned government spending cuts, and the soon to be imposed VAT increases and rises in costs (due to price increases in raw materials where poor cotton harvests have pushed prices up to record highs; wage increases in developing countries where much of the manufacturing occurs and rates and rent rises at home) all also adding to sector nervousness.

Skills implications

These economic conditions and ongoing restructuring the Welsh fashion and textiles economy has undergone has meant there is a belief that it is not recognised as a key sector despite the successful restructuring it has undergone.

An issue raised by manufacturers/employers is that the fashion and textiles sector in Wales is no longer recognised as a key development sector by the Government. The implication associated with this is that key funding/investment will not be made by associated agencies into the sector. To raise such funding/investment is historically more difficult as the sector is seen as higher risk by lenders.

3.4 The Role of Globalisation

Globalisation has had a profound impact on the fashion and textiles sector, increasingly shaping how firms in both the UK and Wales have been able to respond to both globalisations opportunities and challenges. A number of key drivers have enabled this change including:

- Changes to legislation such as the abolition of the Agreement on Textiles and Clothing in 2005 that eliminated barriers to trade and therefore obstacles to importing. This has enabled the importing of low cost fashion and textiles products from overseas.

- The increased sophistication of logistics and lower cost transportation costs that made access to overseas markets easier for manufacturers, wholesalers and retailers.

- Consumer demand for ever lower fashion and textiles product costs. This is highlighted by the latest information from the ONS that shows on a UK level, the consumer price index for key fashion and textiles goods has remained stable and indeed become cheaper over the last 10 years as the all goods index has continued to rise.[8]

This driver has been exacerbated in recent years with low cost overseas manufacturers increasing offering more sophisticated manufacturing skills (such as embossing and appliqué) driving costs down. In Wales and the UK, this has contributed to the move of higher added value products being moved offshore, traditionally anticipated as a UK service. This is evidenced by table 6, that shows how direct imports of goods into Wales are worth over £312 million.[9] Highlighting how apparel is now predominantly undertaken off-shore in lower cost countries, imports of apparel from China are now worth over £100 million and account for over half of all imports into the Wales.[10]

Table 6: Welsh fashion and textiles trade balance by selected Standard Industrial Trade Code in £'000's

	61 Leather, Leather Manufactures N.E.S & Dressed Furskins	65 Textile Yarn, Fabrics, Made Up Articles Etc	84 Articles Of Apparel & Clothing Accessories	85 Footwear	Total
Imports	1,950	101,113	184,570	24,638	312,271
Exports	1,145	38,107	24,598	4,347	68,197
Trade Balance	-805	-63,006	-159,972	-20,291	-244,074

Source: HMRC

How these developments will continue is (as discussed within the future scenarios) of note. On one hand overseas manufacturers continue to further develop their offering by developing their own sample production ranges to either given designs, and or their own design range from submitted briefs. Improved delivery times with overseas manufacturers developing their supply lines with increasingly more efficient logistics and communications allows UK based

[8] Office for National Statistics, UK Fashion and Textiles SSA December 2010
[9] This excludes import and export trade destined for the UK and diverted to Wales thereon after.
[10] Please see Annex

manufacturers to more confidently predict supply terms. However, the increasing emphasis on sustainability and the rising costs of manufacturing overseas may make the return of smaller amounts of manufacturing an increasingly attractive proposition.

Through the ever increasing demand for lower cost products, manufacturers continue to develop their balanced sourcing offer. Developing markets continue to offer evermore sophisticated supply chains by developing vertical supply chains in that design to product can be sourced in one factory.

Skills implications

Globalisation has led to cost implications for the fashion and textiles sector in Wales on a number of levels. A key area of increased activity is the continued need to balance source products to meet the demand of UK consumers. Manufacturers are continuing to develop their network of suppliers throughout the world as costs change between countries, in order to meet expected supply prices to the consumer. Among the skills required include:

Design skills that allow for new product development to occur as firms look to find their niche and added value market which require both creativity and technical skills along with an understanding of consumer needs.

Real garment construction/engineering skills will be required as increased communications with off-shore production means real dialogue with manufacturers to enable the development of products in a timely and efficient manner.

Production management skills will also become prevalent as balanced sourcing continues to develop as production is spread across a number of countries with employers having to make decisions on where this production should be based.

Linked with logistics and importing knowledge, the role of production management will become more overarching, ensuring the products arrive from a balance of offshore sourced and home produced to meet demand.

Sourcing skills will continue to be in demand. A move for such personnel to have a manufacturing understanding has developed as the logistics and communications with off shore manufacturers becomes more personal, whilst an understanding of the manufacturing process is required to develop the product at source.

3.5 Diversification and the Rise of Technical Textiles

Whereas apparel manufacturers have responded to globalisation by taking advantage of the opportunities afforded by balanced sourcing, a key part of globalisation for textile producers has been the growing availability of cheaper imported textile products from competing overseas nations. This has seen existing producers move from their traditional textile manufacturing base into technical textile production and looking to lead the market.

Mapping carried out by Skillset summarises the many applications and end users that use technical textiles and the sector commonly includes:

Table 7: Technical textile end-user markets

Technical textile grouping	Application
Aerospace Textiles	3D woven structures, which are used in aircraft manufacture
Agricultural Textiles	Materials which can protect crops from weather and insect damage.
Automotive Textiles	The structure of a tyre which is made from textile fibres including cotton, nylon and polyester.
Clothing Textiles	Performance garments that can be waterproof, windproof and highly breathable.
Construction Textiles	Textiles that can be used as scaffold nets and roofing felts.
Defence Textiles	Materials used by the armed forces and emergency services that are flame retardant and heat-resistant.
Medical Textiles	The development of artificial arteries, sterile packaging and dressings.

Source: Skillset. Accessed at: http://techtextiles.co.uk/what-are-technical-textiles.cfm [11]

Research conducted by the DTI documents how technical textiles is an area of increasing growth for the fashion and textiles sector and a strategy that is being pursued[12] as traditional textile producers diversify into this area. Supporting this, European Community data gathered by the Technitex[13] showed that in 2007, the UK was ranked in fourth place for technical textiles

[11] Please see further http://ec.europa.eu/enterprise/sectors/textiles/research-innovation/technical-textiles/
[12] Multi-sector skills study: Technical textiles, 2007, DTI

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

sales (€1.32b), following Germany (€3.98b), Italy (€3.18b) and France (€2.51b) but just ahead of Spain (€1.08b).

Welsh textile employers within the consultations confirmed they were increasingly looking at producing textiles incorporating new fabrics with new properties.

Skills implications

The rise of technical textile production will require new recruits into the sector from a science; technology, engineering or mathematics (STEM) background who have the knowledge to produce these innovations. In Wales, just under a fifth of employers recognised this as an important issue, with apparel and leather producers as well as textile manufacturers particularly seeing their importance.

Collaboration with academic institutions was also identified as a key consideration for producers within Wales to allow research and development in conjunction with industry to be explored and commercialised whilst ensuring both continued innovation and knowledge transfer for employers.

3.6 Fast fashion and Responding to Customer Demands

Consumer demands for the latest styles and fashions have been best illustrated by the rise of fast fashion and a price aware, “throw away” culture adopted by consumers with their fashion and textiles purchases.

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.[14] Indeed, such is the pace of consumer demand and the current seasons within fashion that lead times from initial design to sales can start from as little as 6 months to recent trends over even 15 days from concept to sales.[15]

[14] The Value of Fast Fashion: Quick Response, Enhanced Design and Strategic Consumer Behavior, 2010, Cachon, G and Swinney, R
[15] Zara Case: Fast Fashion from Savvy Systems, 2008, John M. Gallaugher

A number of employers in the consultations felt consumer spending was directed by the lines offered by the supermarkets, who continue to offer a ‘wear and throw it’ range. The marketing power of such retailers dedicates fast fashion consumer demand alongside the expected prices.

Skills implications

Fast fashion has required manufacturers, wholesalers and retailers to make decisions on design, sourcing and supply chain management to ensure that fashions are available for consumers, reflecting the styles of the day, and ensure highly efficient design to product timescale. Designers have to identify the fashions expected to be popular and create their designs accordingly whilst production and logistics management is crucial as firms have to make sourcing decisions, not just on price but also on how to ensure these fashions are able to be distributed for retail whilst in demand with the consumer.

In terms of manufacturing, this also means that balanced sourcing is increasingly important. Consultations with employers in Wales identifying that there is a continual trade off between overseas product and sourcing and the need for production within Wales to allow for these fast-fashion styles to be adapted. As an example, a number of Welsh textile and apparel manufacturing firms have purposely downsized to take advantage of these movements. Smaller weaving operations have become more specialist in production whilst cut, make and trim units have become increasing efficient, as they react to supplier responsiveness.

3.7 The Impact of Legislation and the Sustainability Agenda

The fashion and textiles sector has found itself reacting to a number of key regulations and sustainability legislation. Research undertaken on a UK level found employers have found issues in meeting legislative requirements will impact firms in a variety of ways, such as the availability of raw materials, transportation costs, energy use, water use and waste.[16] Key regulations include the Regulation, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Integrated Pollution Prevention and Control (IPPC). Whilst leather manufacturing is not as large in Wales as it is in the UK, this legislation has impacted the laundry and dry-cleaning sector where more efficient of water use is a key concern.

[16] UK SSA 2010

Consultations in Wales highlighted how carbon footprint issues were becoming a key concern for employers. In addition, increases to the cost base driven by issues such as PAYE and taxes for non-compliance were considerations.

Research conducted by Skillfast-UK in 2009 highlighted that as well as being driven by 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 was seen as an important marketing tool.[17]

Additionally, ethical purchasing choices and consumer awareness of these are also becoming substantial issues for the sector and were beginning to influence manufacturing decisions. Consultations with employers in Wales highlight how they are increasingly looking to develop in-house higher added value level as evidence shows an increasing demand for home made quality products from consumers.

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 sustainability impacts upon businesses. The sector also requires innovative and creative individuals that can help businesses to effectively respond to these demands, thus maximising the opportunities presented by these changes.

Increasingly consumer awareness of ethical considerations and the need to understand the manufacturing process behind fashion and textiles products that have been sourced are also becoming more and more important. Manufacturers reported that whilst retailers and end users were aware of such practises as Fair trade and Organic labels, there was a double edged sword implication in that whilst these were seen as good practise in reality price pressure set by retailers is reducing the social impact on the producer, who in turn has to supply at a reduced cost.

The sustainability agenda has a number for skills issues for employers in Wales. Importantly, fashion and textiles firms are looking at how they can keep abreast with these changes in

[17] Material Impact - a study into sustainability skills for fashion and textile, 2009, Skillfast-UK

respect to both regulations and consumer demand and factor these into their manufacturing and purchasing decisions.

3.8 Responding to Technological Advances

Technological advances have been a key driver for the fashion and textiles sector in Wales with employers recognising this as such. Advances in both design and production techniques which include the growing importance of computer aided design (CAD) computer aided manufacturing (CAM) processes. Employers within the consultations highlighted how technology is playing an increasingly important role in the sales and marketing of products and how developments in marketing and the rise of e-commerce were opportunities employers were keen to exploit. Illustrating this, 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[18]. Employers in the consultations in Wales noted

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.

3.9 Sector Image and an Ageing Workforce

The fashion and textiles sector in Wales, as with the rest of the UK continues to draw on an ageing workforce whose skills will be lost as they approach retirement. Annual Population Survey data indicates 47% of the workforce is over 45 with only seven percent under the age of 24. This is in comparison to the wider Welsh workforce that shows 42% are over 45 but also crucially only 14% under the age of 24.[19]

[18] Annual abstract of statistics, 2010, ONS
[19] Annual Population Survey, 2009. Available in Annex [x]

Consultations highlighted how for instance, the textile manufacturing sector continues to draw on an ageing workforce of weavers and technicians, whom are rapidly decreasing in availability and an important component of the sector and leading to increasing recruitment difficulties. Annual Population Survey data from 2009 indicates that 55% of all workers within the sector in Wales have been in their current employment for over five years.

Issues identified included that the sector was still seen as a “backstreet factory” environment whilst other sectors of the economy can offer the workforce improved terms, opportunities and perceptions in working conditions within this sector. Whilst figures for Wales are unavailable, on a UK basis by statistics obtained from the ONS that shows wages within the fashion and textiles manufacturing wages are below those offered by manufacturing overall.[20]

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.[21]

[20] ASHE 2009
[21] Skillfast-UK, Generation F, 2009

Unfortunately because of historical issues the sector is still seen as a poor career choice apart from the attractive design sector, continued poor perception of the sector, partly due to careers advisors, continues to drive possible candidates to other sectors.

Consultees additionally felt there still appears to be the perception of design being the only career choice and awareness of other career opportunities is limited. Speculation was that this may be due to poor training opportunities in these additional fields are seen as less attractive by schools and colleges to teach.

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[22].

Skills implications

As borne out by the employment figures, employment within the fashion and textiles in Wales has to a large extent recently stabilised as manufacturing firms in particular have taken a number of different strategies to stabilise. However, the ageing workforce and implications for replacement demand is a huge problem for the sector. As these skilled people retire and take with them the tacit skills learnt over the years, there will be a gap emerge with a lack of available trained recruits into the sector. With it the ability of firms to compete will be severely handicapped by a lack of new recruitment.

3.10 Product marketing and the British style

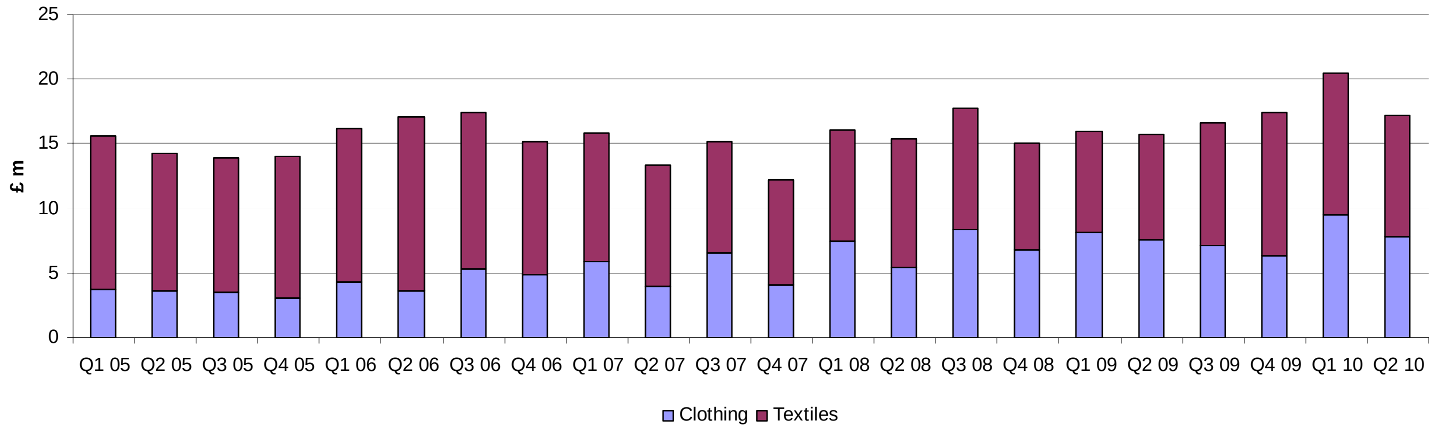
Welsh producers have been able to take advantage of the image of the British style that is recognised as a key driver of export activity as overseas markets become even more important to the fashion and textiles sector sales. What is more, the British Fashion Council[23] highlights

[22] The ROSE Project: An overview and key findings, 2010, Sjoberg and Schreiner
[23] The Value of the UK Fashion Industry, 2010, British Fashion Council

that products with strong brands are more highly valued by consumers and investors and research conducted in 2010 estimated that the brand equity of the UK fashion industry is worth some £202m per annum.

How this impacts producers in Wales is reflected in the export figures from the Welsh Assembly government, showing a steady export growth in Welsh produced clothing and textiles goods despite the losses of GVA and employment for manufacturers experienced during the corresponding period.

Figure 5: Value of quarterly Welsh fashion and textile exports



Source: Welsh Assembly Government

These export markets tend to be diverse in their scope, representing both mature and developing overseas markets as demonstrated by figures obtained from HMRC and represented in table 8. For instance, annual exports of Welsh textile products in 2009 were worth over £38 million with sales to the European Union and in particular, German markets accounting for a fifth of all sales. However, the figures suggest that non-European markets such as the USA and Japan were also significant.

Similarly apparel and clothing sales worth almost £25 million to Welsh producers, are dominated by European markets and in particular the Irish Republic. Outside of these markets though, the wider appeal for Welsh produced goods in international markets is seen though sales to Ukraine and the USA who are both key purchasing nations.

Table 8: International export markets for Welsh Fashion and Textiles goods

65 Textile Yarn, Fabrics, Made Up Articles Etc			84 Articles Of Apparel & Clothing Accessories		
Country	**Value £000's**	**% of exports**	**Country**	**Value £000's**	**% of exports**
Germany	8,285	**22%**	Irish Republic	4,075	**17%**
France	3,820	**10%**	Ukraine	1,490	**6%**
Italy	3,634	**10%**	USA	1,408	**6%**
USA	3,338	**9%**	Spain	1,382	**6%**
Romania	2,735	**7%**	France	1,291	**5%**
Spain	2,007	**5%**	Germany	1,252	**5%**
Irish Republic	1,627	**4%**	Slovakia	1,177	**5%**
Netherlands	1,611	**4%**	Cyprus	1,042	**4%**
Japan	1,128	**3%**	Malta	1,002	**4%**
Austria	1,090	**3%**	Belgium	958	**4%**
Other	8,832	**23%**	Other	9,521	**39%**
Total	**38,107**		**Total**	**24,598**	

Source: HMRC

Skills Implications

The ability to utilise these global trading opportunities relies on the ability of Welsh fashion and textiles firms to have the marketing and trading skills required to take advantage of both emerging and traditional European markets needs for Welsh produced fashion and textiles goods.

55% of employers responding to the 2008 Fashion and Textiles employer survey cited the need to improve marketing and trading skills as paramount importance and was the highest rated of the skills priorities identified.

As well as the relevant marketing skills, unlocking these markets also relies on companies being able to ensure their product designs are suited to the markets that are trying to penetrate and manufactured to the relevant specification.

4. Skills needs

4.1 Introduction

Leading from the drivers of skills demand, this chapter goes into detail on the current skills requirements of the Welsh fashion and textiles workforce.

Defining hard-to-fill and skill shortage vacancies

Hard-to-fill vacancies: Those vacancies classified by respondents as hard-to-fill.

Skills shortage vacancies: A subset of hard-to-fill vacancies where the reason given for the difficulty filling the position is a low number of applicants with the required skills, work experience or qualifications.

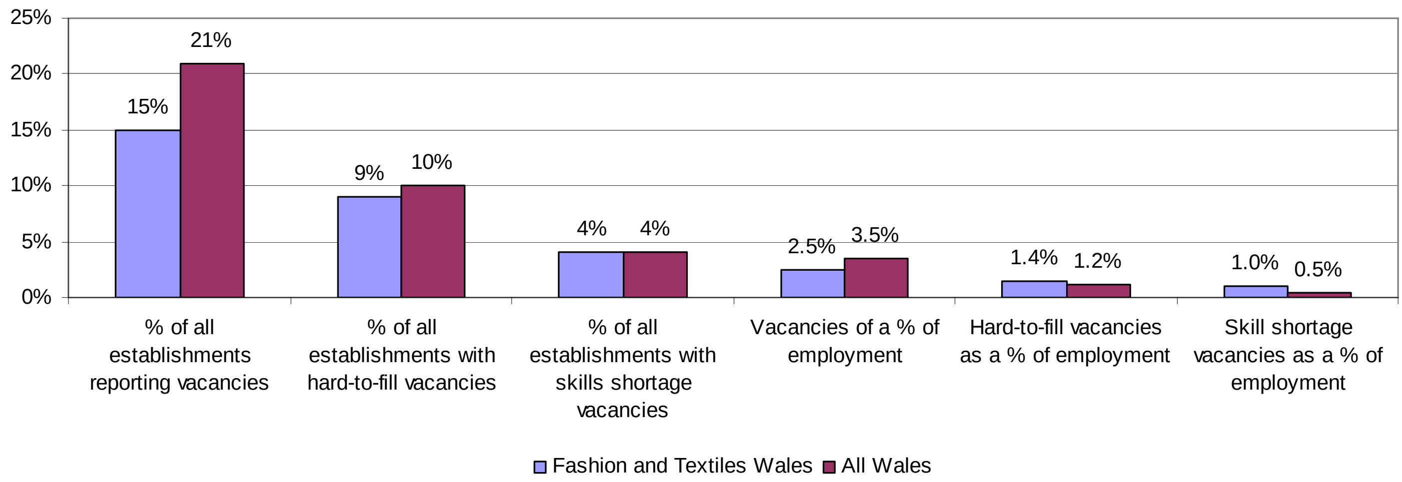
4.2 Vacancies

The latest available data on vacancies available is the 2005 Future Skills Wales survey. This data shows that **15% of Fashion and Textiles employers in Wales reported a lower level of vacancies than the 21% reported on an all sector basis in Wales**.

Analysing this data by employees, **vacancies as a proportion of employees are also lower at 2.5% of the workforce compared to 3.5% for all sectors.** However, hard-to-fill vacancies and skills shortage vacancies were higher.

The vacancy figures as reported by FSW in 2005 may well be symptomatic of the restructuring the fashion and textiles sector was undergoing at the time when the survey was conducted.

Figure 6: Key vacancy, hard-to-fill vacancy and skills shortage vacancies within Wales



Future Skills Wales 2005

4.3 Hard-to-fill vacancies and skills shortage vacancies as a proportion of vacancies

Analysing the vacancies that exist as a proportion of the workforce, the sector suffers from a far higher proportion of hard-to-fill vacancies and skills shortage vacancies than seen at an all sector level in Wales.

Fashion and textiles employers report that **57% of vacancies are hard-to-fill**. This is above the all sector Wales figure of 35%. Similarly, **39% of all vacancies are skills shortage** vacancies; again well above the 14% cited by all employers in Wales. Consultees reported that although they felt skilled workforce were available, historical employment patterns within the sector have driven the workforce to other sectors where more stable working opportunities are available.

As brought out in the consultations, these figures demonstrate the difficulties fashion and textiles employers in Wales face in attracting new people as well as underlining the technical nature of skills needs that are hard to replace and tacit.

Table 9: Vacancies, hard-to-fill vacancies and skills shortage vacancies

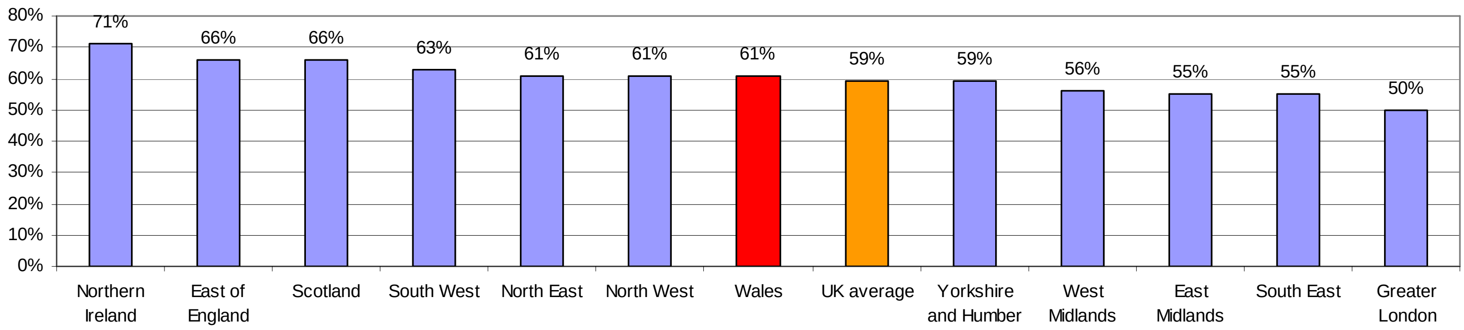
	% of all establishments reporting vacancies	Hard to fill vacancies as a % of vacancies	% of vacancies that are SSV's
Fashion and Textiles Wales	15%	57%	39%
All Wales	21%	35%	14%

Future Skills Wales 2005

4.4 Skills shortages by geography

Information from the Fashion and Textiles survey 2008 reports that fashion and textiles employers in Wales reporting potential difficulties in recruiting that were slightly higher than the UK average of 59%. **61% of Welsh fashion and textiles employers** reported they believed they would have difficulties recruiting due to a shortage of skills.

Figure 7: Skills shortages by geography

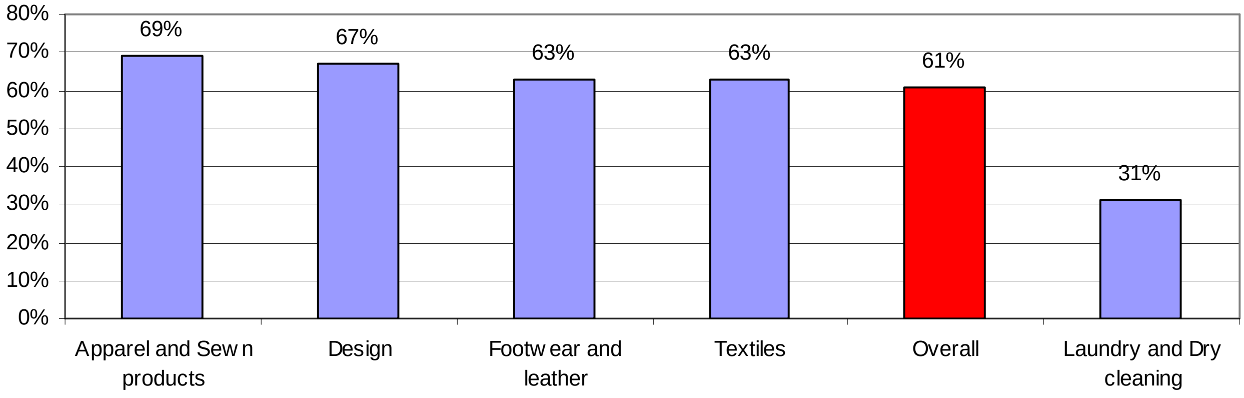


Fashion and Textiles survey of employers 2008

4.5 Skills shortages by sub-sector in Wales

Analysing skills shortages by sub-sector, it can be seen that employers in the apparel and sewn-products sub-sector have identified the greatest difficulties with skills shortages. **69% from this sub-sector believe they would exist if they were looking to recruit.** The design sub-sector at 67% also identifies substantial skills shortage issues. Less than a third of laundry and dry-cleaning employers had identified issues with potential skills shortages, the only sub-sector below the all sector average for Wales.

Figure 8: Skills shortages by sub-sector in Wales



Fashion and Textiles survey of employers 2008

4.6 Skills shortages by occupation in Wales

Analysis of the fashion and textiles employer survey focussing on skills shortages by occupation, a number of key messages emerge:

In absolute terms, the largest number of skills shortages was identified by employers of sewing operatives and for design occupations. These are both key occupations within the apparel and sewn products and design sectors and help to explain the large skills shortages within this sub-sector.

Also backing up the findings of the employer consultations, whilst subject to a lower than average proportion of skills gaps, production management staff were identified as being subject to a high absolute number of skills needs.

In proportional terms, sampling skills were seen as in short supply with over two-thirds of employers voicing concerns that these skills where in small supply. Textile process operatives and garment technologists were also viewed as areas of where employers felt they would struggle to recruit going forward.

Table 10: Occupations identified where at least 50% of employers felt there would be skills shortages if recruiting

Sampling roles
Textile process
Garment technology
Design
Sewn products
Pattern cutting
Garment alterations
Shoe repair
Handcraft garment making
Textile and Fabric technologists
Leather goods manufacture
Footwear technology
Footwear manufacturing
Carpet fitting
Production management

Source: Fashion and Textiles survey of employers 2008.

Consultations with employers highlighted these messages. One of the key themes to arise was that experienced operators in manufacturing are still available but because the high volume units they traditionally worked within have closed, there is a need to retrain given the emphasis of operations has changed from volume to design.

The consultations also identified a number of skills shortage issues. These included:

- The sector is struggling to recruit higher level machinists / garment technologists with the appropriate skills and is an on-running issue for the sector.
- There has been a marked drop in the availability of knowledgeable servicing engineers across all sub-sectors.
- There also continues to be a marked drop in the availability of time served pattern cutters and graders (especially with Computer Aided Design skills)
- Buyers with experience / knowledge of product to proficiently source product from overseas.

Focus on Design Skills

This also raises the issue of designers potentially not having the required technical skills something illustrated by the Fashion and Textiles employer survey with 52% of design businesses say that “finding graduates with the right practical and commercial skills and knowledge” is an important priority. Moreover, 43% of employers within the fashion and textiles sector in Wales employ a designer, with 67% reporting that recent design graduates lack the necessary technical skills for a job in the sector. 85% claimed they lack the required commercial awareness.

4.7 Skills gaps

Reflecting the settled number of staff working within the fashion and textiles sector in Wales[24], **11% of employers reported a skills gap within the fashion and textiles sector.** This is well below the all Wales figure that shows 18% of establishments reported a skills gap within the workforce.

However, looking at skills gaps as a percentage of total employment, six percent of employees were seen to have a skills gap. This is in line with the figures for the wider Welsh economy and suggests skills gaps within the fashion and textiles sector exist predominantly within larger sized firms.

Table 11: Skills gaps

	Fashion and Textiles Wales	All Wales
% of establishments reporting a skills gap	11%	18%
% of skills gaps as total of employment	6%	6%

Future Skills Wales 2005

[24] Annual Population Survey 2009, showing 52% of employees had been in their current role for 5 or more years.

Consultations highlighted it was generally thought that the Welsh workforces skills base was equal to that of any overseas competition. Importantly, it was felt that the Welsh fashion and textiles workforce was cost effective because of the increasing need to be multi-skilled.

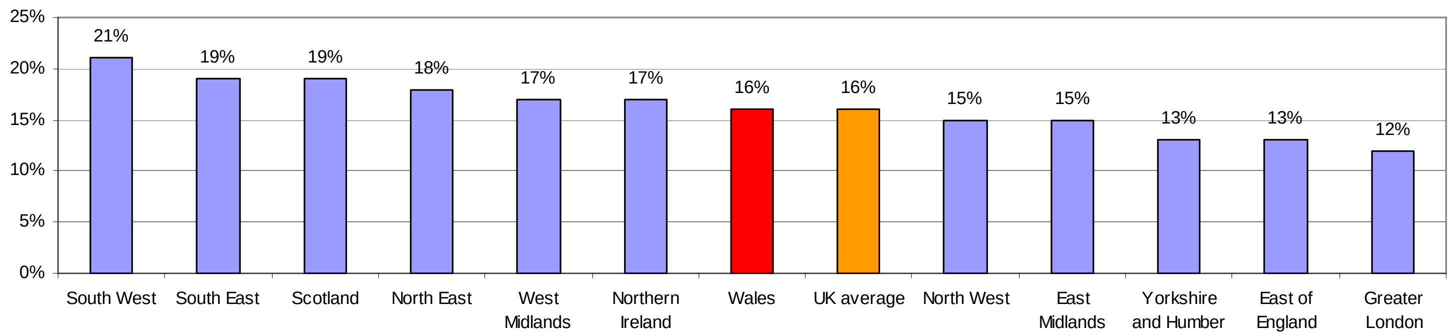
An area of increased importance that employers reported were lacking were around customer relationship management. This is as suppliers move into developing their own products and building provision towards the end user.

The consultations identified that traditional craft manufacturers have knowledge of technical skills within their direct area of work, but are unable to use technical skills for areas out of their scope. It was also identified that these types of businesses also struggle with business planning.

4.8 Skills gaps by geography

The 2008 Fashion and Textiles employer survey reveals **16% of fashion and textiles employers in Wales identify skills gaps within their existing workforce.** This is on par with employers within the UK and compared with employers within Northern Ireland and Scotland, slightly below their reported gaps.

Figure 9: Skill gaps in Wales vs UK

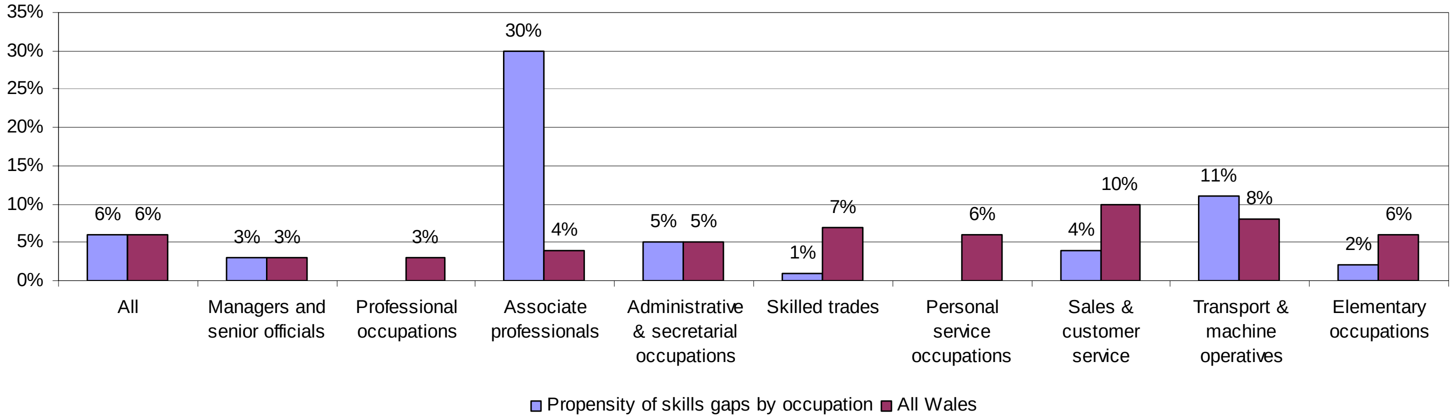


Fashion and Textiles survey of employers 2008

4.9 Incidence of skills gaps and distribution across occupational groups

Respondents to Future Skills Wales reports the highest level of skills gaps apparent within the associate professional occupational grouping. Within fashion and textiles, this occupational grouping includes garment technologists, designers, textile technologists and technical sales and reinforces the findings of the consultations, especially concerning the skills of designers.[25] Proportionally**, transport and machine operatives** were also seen to have a large number of skills gaps with **11% of employees in this grouping identified as suffering from a skills gap**.

Figure 10: Incidence of skills gaps and distribution across occupational groups



Future Skills Wales 2005

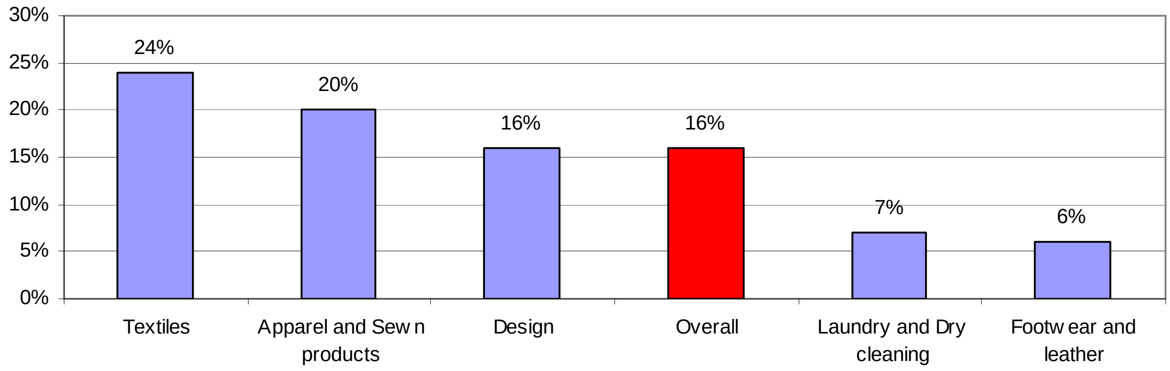
4.10 Skills gaps by sub-sector in Wales

Examining skills gaps by specific fashion and textiles sub-sector, almost a quarter of employers within the textiles sector recognised the workforce as suffering from a skills gap, whilst a fifth of apparel and sewn products employers identified skills gaps within their existing workforce.

In contrast only **7% of laundry and dry-cleaning employers and 6% of footwear and leather employers** recognised a skills gap within their workforce.

[25] Please see Annex A1 for a summary of how these occupations relate to fashion and textiles employers

Figure 11; Skills gaps by sub-sector in Wales



Source: Fashion and Textiles survey of employers 2008

4.11 Skills gaps reported by job role reported in Wales

Analysing skills shortages by occupation from the Fashion and Textiles Employer Survey 2008, a number of key messages emerge:

In absolute terms, the largest number of skills gaps was identified by employers who employed production managers, pattern cutters and sewn products operatives and represent the largest number of skills needs.

However, given the diversity of employment within the fashion and textiles sector and signifying how technical and practical skills needs are inherent across the sub-sectors in proportional terms, laundry maintenance, textile process operatives and pattern cutters were subject to the highest proportion of skills needs. Indeed, the findings in the table below show the large extent of occupations for which these skills gaps are inherent within Wales and cut across a number of key occupations at all levels of competence.

Table 12: Skills gaps reported by job role in Wales by over 10% of employers employing in the role

Laundry maintenance
Textile process
Pattern cutting
Sampling role
Leather goods manufacture
Production management
Handcraft garment making
Textile and Fabric tech
Design
Dry cleaning operations

Source: Fashion and Textiles survey of employers 2008.

4.12 Focus on management skills

A key focus identified by both the data and consultations with industry in the Welsh fashion and textiles sector is the on-going need for management and leadership skills. This was a key finding of the Fashion and Textiles employer survey 2008 in which **49% of employers in Wales saw improving management and leadership skills as a key concern for them.**

The consultations with employers in Wales highlighted it was considered that although having good technical and production skills, traditional managers within the sector may lack conventional business skills to ensure business efficiency and a good future.

It was expressed that this was in many ways due to how managers in the sector were recruited. Employers voiced concerns that whilst managers appointed through self-promotion may have good technical understanding of the sectors issues they may have poor managerial skills, such as budget planning, human resource planning and general business skills. However the opposite may also be prevalent with managers appointed from outside the sector not having the technical skills to advise or problem solve on the shop floor. The consultations highlighted that skills would vary considerably between required job roles as many owner/managers would be self trained or through in-house training dependent on need.

Measuring management practices

Research[26] conducted in 2007 developed a mechanism for measuring and scoring management practices across manufacturing industries with data also available for Fashion and Textiles in the UK. The research found that the United States had 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 were countries in southern Europe like Greece and Portugal, along with developing countries like Brazil, China, and India.

However, although US firms scored 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 were identified and of these, on average, the UK's strongest area of management was in performance tracking. However it still came below France, the US, Italy and Germany on this measure. In comparison, 'instilling a talent mindset' and 'building a high performance culture' were the aspects that the UK performed most poorly on, which was also the case for Italy.

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

For a full introduction to the 18 measures, please refer to Annex One

A key tenet of the consultations were that succession planning was an element that the sector in Wales needed to explore more generally. Consultees generally recognised that succession planning took on tenets of crisis planning with no real structures in place to assist the process, and many businesses do not have plans in place to address their future skills needs This was regarded as an issue that was perpetuated by the lack of available providers to assist firms to recruit and train new people into the sector.

An area directly linked to the concept of the present crisis planning was the ageing workforce that characterises the fashion and textiles sector. There is a real industry **concern that as individuals retire from the workforce, certain skills will be lost, but the sector as a whole**

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

seems to have no plans in place to address this. Consultations highlighted that businesses are very aware of this issue and nearly half of businesses recognised that recruiting and retaining young people to replace workers who are nearing retirement is a key skills priority, which brings its own sets of barriers such as suitable apprenticeship courses and training provision. It was suggested that one of the main reasons for this is that many businesses have much shorter term strategies that focus on survival.

High Performance Working Practices and Skills Utilisation

An area of research that has been subject to a recent review by the UKCES[1] has looked at high performance work practices. These are practices identified in which improvements in working practices can improve organisational performance, in terms of both productivity and employee well-being. It aims to create a culture where skills are more efficiently used. One model that has been adopted by the UKCES is Skills Utilisation and the 4A model emphasising access, ability, attitude and application.[1] (please see Annex for further information)

5. Training

5.1 Training and development within the sector

The Annual Population Survey shows 17% of fashion and textiles employees in Wales received job related education and training in the last 13 weeks. This is in relation to 28% of all employees in Wales, yet compares favourably to the UK fashion and textiles sector overall for whom 9% of employees had received training.

Table 13: Training propensity

	Wales Fashion and textiles employees	Wales all employees	UK Fashion and Textiles employees
J R Education & Training in last 13 weeks (in work)	17%	28%	9%

Source: Annual Population Survey 2009

The consultations confirmed that this pattern is due to few employers in Wales have a formal training plan, with training administered as and when required as a necessity to help develop the output of new employees and the productivity of the company. It was also identified that most training is undertaken in-house because of the lack of suitable outside provision, or associated cost. Any training requirements are reviewed informally by production management.

Amongst the messages regarding training that were gauged from the industry consultations were that:

- The concept of NVQ's and associated formal training were understood but were not seen as a necessity for their businesses.
- It was felt that older employees, who make up the majority of the workforce, do not recognise the need for training.
- Providers need to understand delivery requirements of the industry. The main influence however is availability of funding against time to deliver.
- Due to the other business influences delivery time of qualifications against production lead times and costs, realises a reluctance to release employees from production.

- Companies do not necessarily see value of accredited courses and will fill skills gap need as and when required and usually in-house. Some businesses are offering in-house training to multi-skill existing staff, which will go some way to addressing future skills gaps and shortages.
- Traditional degree courses are seen as design biased and are felt that manufacturing understanding is not delivered.
- Apprenticeship schemes would be welcomed but there is a real lack of knowledge of availability and structure available. Concerns were raised with linking to appropriate providers.
- Apprenticeships and a relaunch/revisit of associated funding to make option attractive.
- No formal training provision for leather footwear production was available in Wales.

5.2 Establishments providing off the job training

The 2005 Future Skills Wales survey reported that **26% of fashion and textiles employers in Wales** had accessed off-the-job provision compared to 58% for all Wales.

Table 14: Establishments providing off the job training

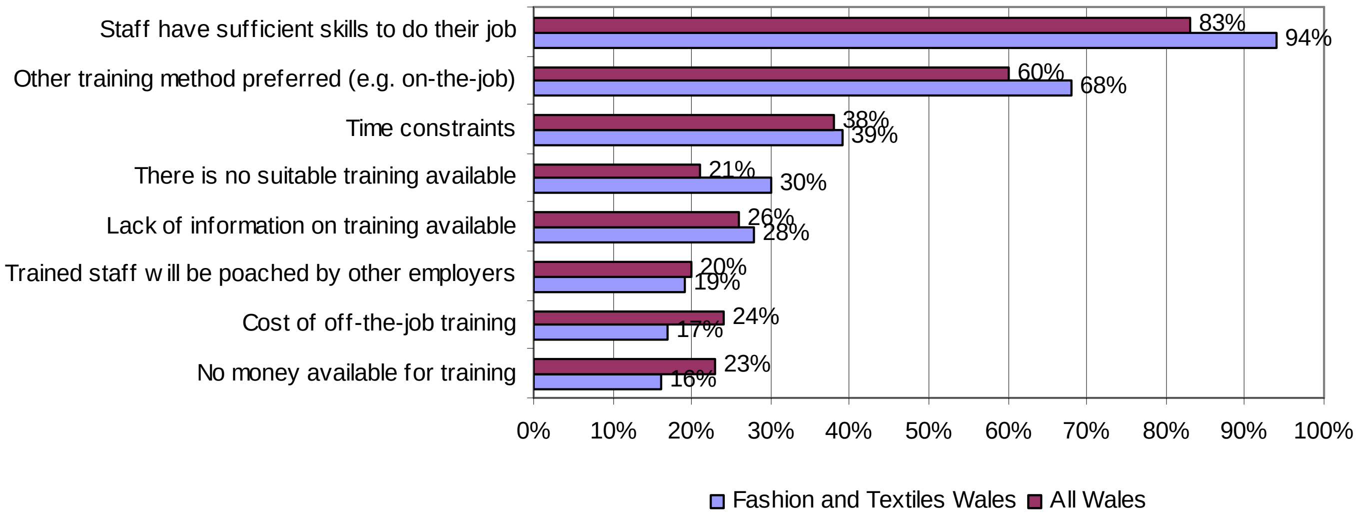
	Fashion and Textiles Wales	All Wales
% of establishments providing off the job training	26%	58%

Source: Future Skills Wales 2005

The main reasons highlighted were that current members of staff have sufficient skills to do their job, a significantly higher number in fashion and textiles than what exists in the wider all-sector figure.

Signifying the resources issues employers in the sector have to facilitate off-the-job training and quantifying the messages that arose from the employer consultations, **68% of employers stated that other training methods were preferred,** whilst time constraints and the lack of training provision both flagged as substantial issues.

Figure 12: Reasons/barriers for not providing off-the-job training



Source: Future Skills Wales 2005

6. Scenario planning

6.1 Emerging skills

The consultations indicated a number of emerging skills needs that were not necessarily directly linked to the traditionally required skills. As manufacturers continue to develop products aimed at a direct to market route, and develop international links with other manufacturers /supply chains and their associated communication links with the major retailers and emerging e-shops, the changing or evolving skills required are as diverse as customer relationship / management as suppliers move into direct supply, to the understanding and development of IT/E-commerce skills to further improve routes to direct consumer or supplier/customer.

Directly linked to the above skills is the increased importance of a skilled product sourcing team within the sector companies who have the skills to exploit and benefit from the bank of international suppliers. Sourcing/buying skills with the ability to put together critical path plans for logistical planning and supply guarantees to major retailers, and associated understanding of customs duties and practices is another emerging requirement at all sector levels.

As manufacturers/craft manufacturers continue to develop their products increased marketing skills, with an emphasis on product representation in the marketplace in conjunction with retail promotion skills continue to increase in importance to further allow the development of the sector within the home and international market.

6.2 Future skills needs identified by the 2008 Fashion and Textiles employer survey

The fashion and textiles employer survey identified a number of key priorities for employers within Wales with many of these more pressing priorities than for fashion and textiles employers in the UK.

Demonstrating how the drivers of skills demand are shaping these skills needs, 55% of employers reported improving sales and marketing skills as important or very important, 53% recruiting and retaining able young people, 49% improving management and leadership skills and 39% improving literacy and numeracy skills.

Illustrating how training provision in Wales handicaps employers efforts to up-skill their workforce, 43% cited improving the quality of in-house training provision and 41% finding colleges that than deliver relevant training in technical skills as key priorities.

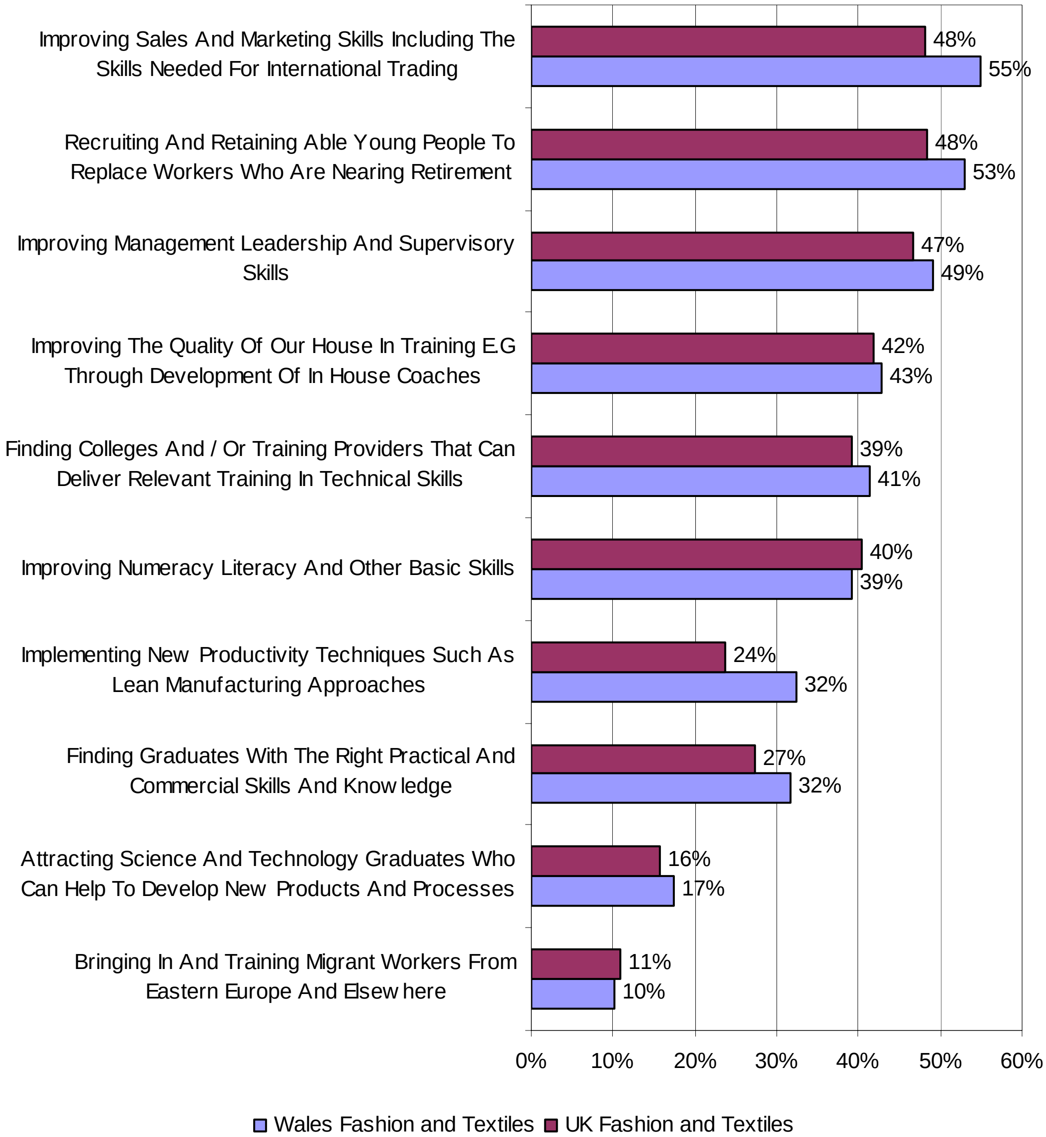
Given the emphasis on textile manufacturing within Wales as a key composition of the sector, 32% of employers stated implementing new productivity techniques such as lean manufacturing processes were viewed as key priorities.

These results at a sub-sectoral level also draw a number of key messages.[27] For instance, design, textiles, and apparel & sewn products employers place an important emphasis on improving sales and marketing skills whilst footwear and leather and textiles operatives, reflecting the ageing demographic of these sectors viewed recruiting and retaining able young people into the sector as key priorities.[28] Attracting STEM graduates was seen as an issue for employers within the apparel and sewn products, footwear and leather and the textiles sub-sectors reflecting the direction that firms are taking.

[27] Please see Annex. Due to sample sizes as sub-sector level, the results have been ranked rather than given full percentages

[28] Whilst information for Wales at sub-sectoral level for Wales in unobtainable, at a UK level and supported by our consultations, both of these sectors have an ageing demographic reflecting these needs.

Figure 13: Key skills priorities for fashion and textiles employers in Wales.



Source: Fashion and Textiles employer skills survey 2008. Employers rating these skills needs as important or very important.

6.3 Working Futures III

Working Futures III is a forecasting scenario series produced by the Warwick Institute for Employment Research and Cambridge Econometrics. This research uses existing survey work on employment trends across the sectors to give a view of employment estimates.

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

Table 15: Employment estimates for Wales

						2007 - 2017		
Employment Levels (000s)	**1987**	**1997**	**2007**	**2012[29]**	**2017**	**Net Change**	**Replacement Demand**	**Total Required**
Wales F&T Footprint	23	20	9	8	8	-1	3	2
UK F&T Footprint	770	543	272	246	228	-44	94	50
Wales All Sector Employment	1126	1219	1395	1437	1467	73	513	585

Source: Working Futures III

Key highlights from the Working Futures III data for Wales are:

Overall sector picture

Working Futures III forecasts a slight decrease in workforce numbers although employment by 2017 will have stabilised with approximately 8,000 people working in the sector.

Despite the small decline in the gross number employed, the sector will experience positive net employment requirements. This is due to the number of people forecast to leave the sector through retirements as evidenced by the ageing demographic, and the need to fill these emerging vacancies.

Compared to the sector at a UK level, the Welsh fashion and textiles sector will see less net change in workforce numbers. This indicates a level of structural reconfiguration has occurred in Wales and the Welsh fashion and textile sector's outlook is looking increasingly more stable.

However, in contrast to the pattern forecast to be exhibited in the fashion and textiles sector, Wales at an all sector level is expected to increase its gross employment needs to 2017 by 5%. This highlights how whilst overall employment in Wales will continue to rise, it has been forecast there will be little additional domestic demand stemming from this extra working population.

[29] Predictions for 2012 were made before the recession. Therefore these figures for the medium term need to be exercised with caution.

Structural changes

Whilst figures for Wales are undisclosable due to sample sizes, closer examination of the data shows the sector is following key patterns as experienced on a UK level.

Occupational make-up

The sector will continue, albeit at a slower pace, to lose jobs within the operative elements of the sector. This is the only occupational grouping within the Welsh fashion and textile footprint forecast a net decline in demand.

This suggests a continued movement of manufacturing and process based operations overseas. However, this movement will as seen in the overall sector perspective to have stabilised by 2017, suggesting the Welsh economy will have found its sector specialism for manufacture within in the global marketplace.

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 the supply chain, customer relations, and marketing and branding activities, the level of technical expertise needed, will lead to a need for these roles.

The reduction in operative level recruitment opportunities and need for management level skills illustrates the point that the sector will require far less employees with lower level skills (below NVQ level 2) and more with higher level skills (level 3 and above).

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 Wales. Conversely, part-time working will not be as prominent.

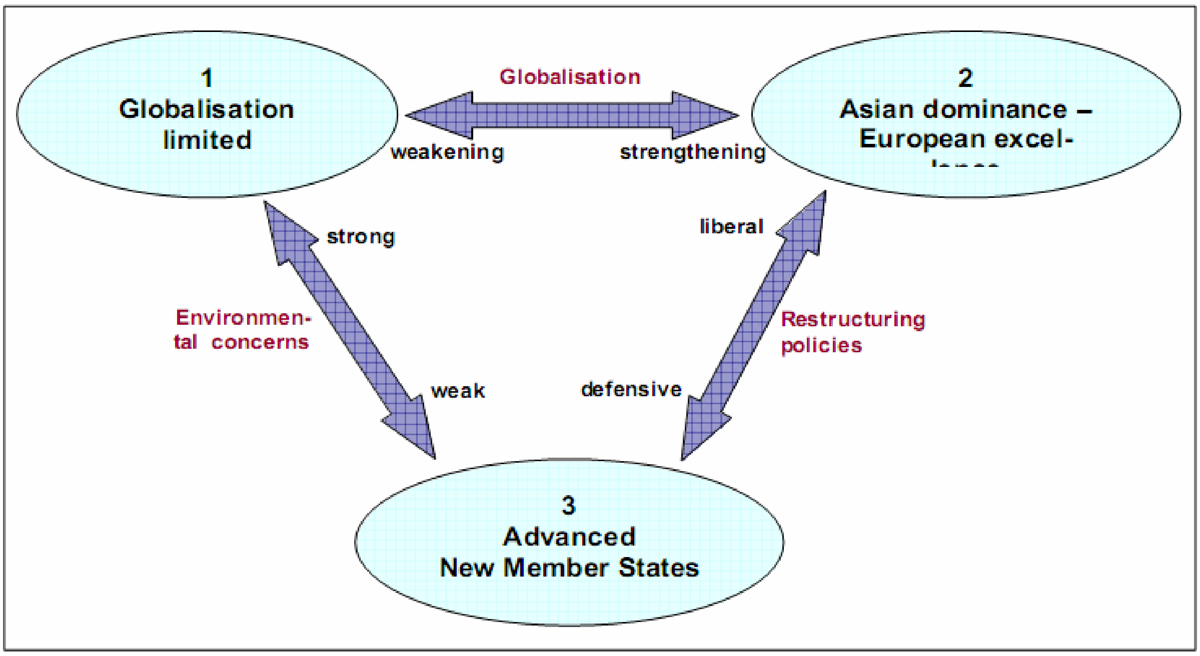
The share of female employment is forecast to continue to reduce as a proportion of the workforce from almost half of the workforce which is in line with the all Wales sector figure; to little more than a third. This reflects the high level of structural change that is occurring within the sector as operative jobs (predominantly the domain of females, especially within clothing and textiles manufacture) are lost.

6.4 Scenario planning for Europe

Vogler-Ludwig and Valente[30] propose three potential scenarios to the year 2020 of the future direction for the European fashion and textiles sector and its implications for current high value manufacturers such as the UK and Wales. 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 in the UK and Wales.

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 14: Vogler-Ludwig K and Valente A C three scenarios for manufacturing



Source: Vogler-Ludwig K and Valente A C (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

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

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

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

Table 16: Key drivers of change for the scenarios

Driver	Scenario 1 Globalisation limited	Scenario 2 Asian dominance- European excellence	Scenario 3 Advanced New Member states
Environmental Costs	Rising significantly; Climate risks are strongly visible; Environmental policies with limited efficiency	Rising; Environmental policies are effective; Climate risks remain manageable	Rising; Environmental policies are effective; Climate risks remain manageable
Markets	Consumers strongly concerned about climate risks; Global economy disintegrates due to environmental conflicts; Slow macro growth	Consumers appreciate environmental politics; Global market for top qualities; Global labour division is further developed; Strong macro-growth	Consumers prefer job creation and remain price-sensitive; Medium macro-growth

Knowledge Base	Innovation concentrated on ecological technologies; Revival of traditional crafts; switch from foreign productivity to energy productivity	Strong product innovation for speciality textiles; Design marketing and sales very important; Management of the value chain	Mainly process innovation provided by machinery and organisational changes; Strong increase of labour productivity
Competitiveness	Declining competitiveness of emerging countries due to high environmental costs; Ecological and social criteria have strong impact on competitiveness	Strong position of emerging countries on low and medium quality segments; Strong position of European production of high value markets and speciality textiles	Strong position of low-cost areas in Europe on medium quality segments; Strong position of high-cost areas on high value markets and speciality textiles
Branch Structures	Locally concentrated value chains due to high transport cost; small sized production networks; Rising share of craft business	Closure of mass production; small sized innovation companies; Global networks of producers; Highly specialised crafts businesses	Mass production remains in European low-cost areas; Switch from subcontractors to independent suppliers; Top qualities and international brands in high-cost areas
Foreign Trade	Low growth of world trade	Strong growth of world trade	Medium growth of world trade
Employment Change 2006-2020	-25%	-50%	-20%
Skills Needs	Revival of production related trades; More managers and professionals in low-cost areas; Specialists for traditional crafts; General need for ecological competences	Strong decrease of production related trades; Limited demand for highly specialised craftsmen; Strong increase for technical and commercial specialists; Computer professionals	Strong demand for managers and commercial professionals in low-cost areas; Limited demand for technical specialists in high-cost areas; Decrease of production-related trades and craftsmen

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

7. The Way Forward

This report has reviewed a range of literature and data on the fashion and textiles sector in Wales. 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.

Marketing and raising awareness of opportunities within the sector

The fashion and textiles sector needs to promote the opportunities that exist 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

Manufacturers 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 these schemes needs to be improved and greater support is required to make these schemes more accessible to businesses, with an investment in a provider network to address need. Design courses at FE and HE are continuing to be over subscribed, where some development work may link FE vocational course to an improved apprenticeship offer

Reviewing industry and education collaboration

There needs to be much greater collaboration between the industry and education in the fashion and textiles sector to develop grass roots skills and understanding. At secondary school level, the industry needs to help raise awareness of the career opportunities available within the sector as a technical world wide industry, highlighting the diversity of opportunities such as garment technologists to buyers and sourcers, 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. Development of industry sponsored competitions to develop real skills, and further raise awareness of the sector through work placements. In developing grass roots level skills such as manufacturing skills and pattern cutting, will allow the investment in higher skills development at an earlier stage in the traditional curricular delivery.

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. The industry needs to continue to work closely with research institutes not just at a technical textiles level to develop and commercialise innovative products and processes that will help ensure the ongoing competitiveness of the sector.

Effectively utilising technology

Technology is a key mechanism for enhancing the fashion and textiles sector in Wales. However, businesses face a range of barriers in adopting new technology, including cost of product and training, insufficient knowledge and a lack of skills. To further improve the sectors efficiency and standing a balance of investment needs to be developed with businesses and training providers to introduce new technologies into the sector. In balancing business investment in plant and available training provision the sector could add value to products and improve the efficiency and effectiveness of processes.

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: Supporting Data

A1: Occupational grouping and their relation to specific occupations within the fashion and textiles sector.

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)

A2: Welsh Fashion and Textiles workforce demographics

	Wales Fashion and textiles	Wales all employers	UK Fashion and Textiles
Female	55%	48%	50%
Aged 24 and under	7%	14%	11%
Aged 45 and over	47%	42%	47%
BAME background	0%	3%	16%
Self-employed	18%	14%	21%
Part-time	29%	28%	25%
In job over 5 years	55%	53%	52%
Non-UK National	21%	14%	15%
NVQ L4 and above	23%	34%	19%
Below NVQ L2	34%	20%	38%

Source: Annual Population Survey 2009

A3: Welsh imports of key fashion and textile goods

65 Textile Yarn, Fabrics, Made Up Articles Etc			84 Articles Of Apparel & Clothing Accessories		
Country	**Value £000's**	**% of imports**	**Country**	**Value £000's**	**% of imports**
Germany	18,990	19%	China	100,060	54%
France	12,608	12%	Other Asia And Oceania	23,222	13%
China	11,898	12%	India	19,242	10%
Italy	10,976	11%	Turkey	14,655	8%
Israel	10,017	10%	Pakistan	9,260	5%
Spain	9,300	9%	Hong Kong	2,624	1%
Belgium	6,786	7%	Italy	2,031	1%
Netherlands	3,427	3%	Belgium	1,916	1%
India	3,324	3%	Portugal	1,778	1%
Romania	2,452	2%	Thailand	1,200	1%
Other	11,335	11%	Other	8,582	5%
Total	**101,113**		**Total**	**184,570**	

Source: HMRC

A4: Skills priorities by sub-sector for Welsh fashion and textiles employers

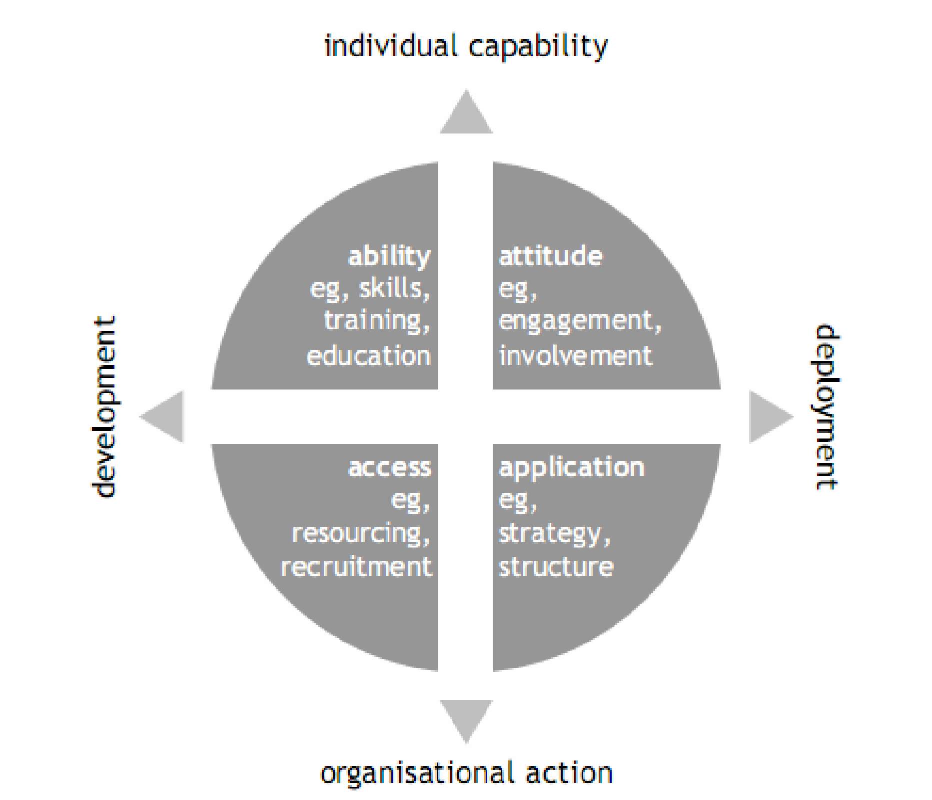
	Apparel & Sewn products	Design	Footwear & Leather	Laundry & Dry-cleaning	Textiles	Overall
Improving sales and marketing skills including the skills needed for international trading	1	1	6	3	5	**1**
Recruiting and retaining able young people to replace workers who are nearing retirement	2	6=	1	2	2	**2**
Improving management leadership and supervisory skills	3	3	3	1	3=	**3**
Improving the quality of our in-house training e.g. through the development of in-house coaches	5	5	2	4	1	**4**
Finding colleges and/or training providers that can deliver relevant training in technical skills	4	4	5	8	6	**5**
Improving numeracy literacy and other basic skills	7	6=	4	5	3=	**6**
Implementing new productivity techniques such as lean manufacturing approaches	8	8	7	6	6	**7**
Finding graduates with the right practical and commercial skills and knowledge	6	2	9	9	8	**8**
Attracting science and technology graduates who can help to develop new products and processes	9	9=	8	10	9	**9**
Bringing in and training migrant workers from eastern Europe and elsewhere	10	9=	10	7	10	**10**

Source: Fashion and Textiles employer survey 2008

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.[31]

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.[32]



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

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.

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

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)[33], 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

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

Application

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

A6: Introduction to the 2008 Global Manufacturing Management Survey

The 2008 Global Manufacturing survey interviewed firms and subsequently scored them on 18 separate measures identified as being areas that lead to general business improvement. These responses were then scored on a one-to-five basis, with an award of five being viewed as an example of best practice.

Forty-four fashion and textiles firms from the UK took part in this study and were found to perform below both Fashion and Textiles manufacturers in other countries but also compared to UK manufacturing. The 18 separate measures of best practice identified by the survey and offer valuable lessons to fashion and textiles employers were as follows:

1) Introduction of modern manufacturing techniques; What aspects of manufacturing have been formally introduced, including just-in-time delivery from suppliers, automation, 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 organization?
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: Global Manufacturers Management Survey, 2009, McKinsey/LSE