



# **Sector Skills Assessment for the Fashion and Textiles Sector in the UK**



**January  
2011**

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# Executive Summary

## Introduction

Skillset is the Sector Skills Council representing the Creative Media Industries and as of 1<sup>st</sup> 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 the UK.

## The Fashion and Textiles Sector in the UK

The fashion and textiles sector in the UK accounts for over 79,000 firms and is characterised by well established businesses and high levels of self employment. London, the South East and the North West have the greatest proportion of fashion and textiles businesses. In the nations, Scotland has the second largest number of fashion and textiles businesses (5,000), followed by Wales (3,000) and Northern Ireland (2,000).

In employment terms, the fashion and textiles sector in the UK accounts for over 340,000 jobs with the North West, London, the East Midlands and Yorkshire and Humber the largest employing regions. Due to the composition of the roles available, and compared to the UK average across all sectors, the fashion and textiles sector has a higher proportion of managers and senior officials, but a lower proportion of professional occupations and associate professional and technical occupations.

Gross value added (GVA) for the sector in the UK is estimated at over £11.5 billion, with GVA per head measured at an average of £34,220. Textile manufacture, clothing manufacture, the wholesaling of clothing and footwear and laundry and dry-cleaning services are individually worth over £1bn, whereas wholesaling, man-made fibre manufacture and specialty design signifying the high value and lower employment levels within these sub-subsectors.

# Drivers of Skill Demand

Through our consultations with employers and industry, 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.

<b>Driver</b>	<b>Key factors</b>	<b>Skills implications</b>
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 and new strategies, particularly in the manufacturing sub-sector.	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. However, increasing competition from overseas firms that attempt to imitate the British style.	A need to understand how to design and manufacture products that meet consumer demands, plus an ability to effectively market and sell these products in a way that builds upon the British brand.

## **Skills Needs**

### **Vacancies and Recruitment**

A slightly lower proportion of employers in the fashion and textiles industry in England have vacancies, compared to the average for all England employers. Compared to the UK average, Northern Ireland and Wales have a much higher proportion of staff vacancies.

A low number of applicants with the required skills and qualifications are the main challenges facing employers looking to fill vacancies.

Vacancies as a proportion of the workforce in the fashion and textiles sector are particularly prevalent in the sales and customer services occupations and associate professionals.

The main impacts of having hard-to fill vacancies are increased workload for staff, loss of business or orders to competitors, delays in developing new products and services and difficulties in meeting quality standards.

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**

Skills shortages are defined as those vacancies that are proving hard-to-fill because of a shortage of candidates with the required skills, qualifications or experience in the labour market. 59% of businesses in the fashion and textiles sector perceived they would face skills shortages when looking to recruit. Skills shortages are particularly prevalent in Northern Ireland, the East of England, Scotland and the South West of England.

Survey data highlights how skills shortages are prevalent across a range of fashion and textiles occupations at all levels. Skills shortages identified during the consultations are as follows:

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

## **Skills Gaps**

Skills gaps are skills deficiencies identified by employers within their existing workforce. 16% of establishments and 6% of employees in the fashion and textiles sector suffer from skills gaps. Skills gaps are particularly prevalent in the South West of England, the South East of England, Scotland and the North East of England. Northern Ireland and Wales sit one percentage point either side off the UK average of 16%.

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

- Management skills
- Technical and practical skills
- Customer handling skills
- Oral and written communication skills
- Problem solving skills
- Numeracy and literacy skills

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

- Fabric technology skills.
- Footwear manufacturing, leather goods manufacture and shoe repair skills.
- Traditional skills, such as pattern cutting, sampling and tailoring.
- Laundry and dry cleaning engineering skills.

- Stain removal and garment finishing skills.
- IT, programming and technological skills.
- Production management skills and a lack of understanding between designers and manufacturers.

## **Addressing Skills Needs**

Over a fifth of businesses stated that they were doing nothing to overcome hard to fill vacancies.

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

## **Skills Supply**

Businesses believe that the main causes of a lack of proficiency among employees in the fashion and textiles sector are a lack of experience of those being recently recruited, followed by a failure to train and develop staff.

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

- Availability
- Content
- Delivery mechanisms

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

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

# Anticipating What Lies Ahead

## Opportunities and Threats

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

Cross-cutting opportunities facing the fashion and textiles sector	Cross-cutting threats facing the fashion and textiles sector
<p>Niche, high quality markets (e.g. technical textiles, cashmere).</p> <p>Understanding customers and service quality.</p> <p>Collaborations.</p> <p>Overseas markets and export sales.</p> <p>Outsourcing.</p> <p>Currency fluctuations.</p> <p>E-commerce opportunities.</p> <p>Raising awareness and the attractiveness of the sector (incl. promotion of higher-skilled opportunities).</p> <p>Marketing and brand awareness (e.g. the British brand including the Irish linen image and 'Made in Scotland' labelling).</p> <p>Sustainability agenda, including environmentally friendly and ethical production.</p> <p>Technological advances.</p> <p>The role of Skillset.</p>	<p>Ageing workforce and associated skills gaps and shortages.</p> <p>Availability and cost of suitable training provision.</p> <p>Image of the sector.</p> <p>Decline of manufacturing sector and associated loss of skills and infrastructure.</p> <p>Rapidly changing consumer preferences.</p> <p>Technological changes.</p> <p>Sustainability and environmental concerns and legislations.</p> <p>Regulatory burdens and costs, e.g. employment law, health and safety.</p> <p>Overseas competition, including cheap labour and imitations of the 'British style'.</p> <p>Cost and accessibility of raw materials.</p> <p>Rising overheads and downward pressure on retail prices, resulting in pressures on margins.</p> <p>Currency fluctuations.</p> <p>Economic downturn, resulting in lower consumer spending and difficulties accessing finance.</p> <p>Public funding pressures, for example a rise in VAT and a lack of funding support for the sector.</p>

Source: Consultations and literature

## **Future Skills Needs**

New products or services and new technologies and equipment were the most common reasons why employers expect their employees to acquire new skills or knowledge in the next 12 months.

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

- Supply chain management skills.
- Customer handling skills.
- Foreign language skills.
- IT skills.
- Electronic / technological skills.
- Marketing skills.
- Commercial and financial skills.
- Management and leadership skills.

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

- New processes are leading to a demand for a host of associated skills.
- Traditional craft skills.
- Fabric technology skills.
- Quality control skills.
- Design and customisation skills.

## **Scenario Planning**

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<sup>1</sup>, 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.

<sup>1</sup> Vogler-Ludwig and Valente, 2008, Skills scenarios for the textiles, weaving, apparel and leather products sector in the EU

# 1. Introduction

## 1.1 Introduction

Skillset is the Sector Skills Council representing the Creative Media Industries and as of 1st April 2010 the Fashion and Textiles sector. 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 the UK. It draws together the key findings from the SSA for England, Scotland, Wales and Northern Ireland.

## 1.2 Background

The over-arching aim of the SSA is to play a key role in influencing policy and informing industry investment regarding skills issues across the fashion and textiles industries. The SSA considers the five sub-sectors of the fashion and textiles sector: design; textiles and technical textiles; apparel and sewn products; footwear 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?

## 1.3 Research Methodology

In order to compile this SSA, Skillset has:

- Reviewed recent and relevant data related to the fashion and textiles sector, including the National Employer Skills Survey 2009 which surveyed 1,850 employers in England, The Scottish Employer Skills Survey 2008, The Future Skills Wales Survey 2005 surveying

117 employers, and The Northern Ireland Skills Monitoring Survey 2008 surveying 105 employers.

- The Fashion and Textiles Survey of Employers 2008 that surveyed 2,059 employers across the UK.
- Reviewed recent and relevant literature related to the fashion and textiles sector.
- Conducted 19 telephone consultations with key representatives from the fashion and textiles sector in England, 15 consultations with businesses in Scotland, 6 consultations and an additional forum with representatives from Northern Ireland and 10 consultations with representatives from Wales.
- Attended two design forums, which was attended by 35 designers and industry representatives.

## 1.4 Report Structure

The remainder of the report is structured as follows:

- **Chapter Two: The Fashion and Textiles Sector** – Sets out the key characteristics of the fashion and textiles industry in the UK.
- **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 the UK by assessing the growth potential for the sector and the future skills needs, plus actions required by the sector.

## 2.0 The Fashion and Textiles Sector in the UK

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

### 2.1 The business base

#### 2.1.1 Number of businesses

The fashion and textiles sector in the UK accounts for over 79,000 firms, with Table 2.1 highlighting that textile manufacture, clothes manufacture and wash/dry clean have the greatest share of firms. In comparison, data from the Annual Business Inquiry (ABI) estimates that there are just over 22,000 enterprises<sup>2</sup>. As the ABI data excludes the self-employed workforce, it can be deduced from these figures that a high number of micro-businesses exist in the fashion and textiles sector.

**Table 2.1 Number of businesses in the fashion and textiles industry in the UK**

UKSIC	SIC description	Total number of businesses
15113	Fellmongery	30
17	Textile manufacture	18,520
18	Clothes manufacture	12,930
19	Leather manufacture	890
2124*	Wallpaper manufacture	10
24422*	Non-medicaments manufacture	10
247	Manmade fibre manufacture	450
3310*	Medical equipment manufacture	60
4543*	Floor/wall covering	6,410
5111*	Agents raw materials	990
5116	Agents textiles/clothing/leather	2,780
5124	Wholesale hides/leather	230

<sup>2</sup> ABI, 2008

UKSIC	SIC description	Total number of businesses
5141	Wholesale textiles	3,780
5142	Wholesale clothing/footwear	8,000
51479*	Wholesale other household goods	1,070
5156*	Wholesale intermediate products	70
5271	Repair shoes/leather	2,310
5274*	Other repair	5,580
71409*	Rent personal/house hold goods	590
74872*	Speciality design	1,950
9301	Wash/dry clean	12,720
	<b>Total</b>	<b>79,660</b>
TechT	Technical textiles	470

## 2.1.2 Size of businesses

Latest figures from the ABI<sup>3</sup> show that **97% of all fashion and textile workplaces employ less than 50 people** and are responsible for 59% of employment within the sector. This proportion is mirrored in all the nations of the UK. Analysis of these figures by function within the sector shows that employment tends to be concentrated in larger firms within manufacturing and laundry operations. Smaller workplaces are more apparent within shoe repair (where 92% of the workforces are employed in a workplace with under 50 people), wholesale operations and niche manufacturing such as Irish linen and the weaving of traditional Scottish tweed.

As would be expected following the analysis of company size in the sector, **fashion and textiles in the UK is characterised by higher levels of self-employment** than the UK average across all sectors; respectively, 21% of the workforce are self-employed compared to

<sup>3</sup> Sizeband information is GB only

13%.<sup>4</sup> The one sub-sector with a large concentration of self-employment is laundry and dry-cleaning with 30% working in this manner.<sup>5</sup> Consultations supported this data noting that the sector is characterised by a high proportion of micro-businesses<sup>6</sup>.

### 2.1.3 Age of businesses

The fashion and textiles sector in UK is well established with over two-fifths of businesses having been established for 10 years or more. In comparison, less than a fifth of businesses have been established for two years or less. Of the sectors highlighted in the table below, business start ups are highest among businesses in the manufacture of leather and related products and fashion and textiles wholesaling but lowest in the repair of footwear and leather goods.

**Table 2.2 Age of businesses in the fashion and textiles industry**

SIC 2007	SIC description	Less than two years	2-3 years	4 - 9 years	10 or more years
13	Manufacture of textiles	13%	11%	24%	52%
14	Manufacture of wearing apparel	15%	13%	26%	47%
15	Manufacture of leather and related products	19%	11%	18%	51%
4616, 4641 & 4642	Fashion and textiles related wholesaling	16%	13%	27%	45%
9523	Repair of footwear and leather goods	10%	10%	28%	52%
9601	Washing and dry-cleaning of textile and fur products	12%	14%	28%	47%
	All Fashion & Textiles	14%	13%	26%	47%
	All UK Businesses	16%	15%	27%	42%

Source: Inter-departmental business register, 2008, ONS

<sup>4</sup> Annual Population Survey 2009

<sup>5</sup> Please see Annex A5 for the UK sub-sectoral break down.

<sup>6</sup> tbr data for the UK shows a large number of micro-businesses exist at that on a UK level 72% of firms (57,000 firms) and 20% of employment (67,000 people) take place within these.

## 2.1.4 Geography of businesses

Looking at the sectoral business base in the constituent nations of the UK,<sup>7</sup> London, followed by the South East and the North West have the greatest numbers of fashion and textiles businesses.

**At a nation's level, Scotland has the second largest number of fashion and textiles businesses totalling just over 5,000 firms.** There are particular clusters of fashion and textiles businesses in the Scottish Borders. Edinburgh and Glasgow also have relatively high proportions of fashion and textiles businesses.

**Wales is home to 3,000 business and Northern Ireland, 2,000.** It is important to note that neither Wales nor Northern Ireland have the same wholesaling presence as profiled for England and the rest of the UK.

## 2.2 The Employment Base

### 2.2.1 Number of employees

The fashion and textiles sector in the UK accounts for over 340,000 jobs. The following table highlights that textiles manufacture, clothes manufacture, wholesale clothing and footwear, and wash/dry clean have the greatest share of employment. In comparison, data from the Annual Business Inquiry (ABI) estimates that there are just over 196,000 employees<sup>8</sup>. As the ABI data excludes the self-employed workforce, it can be deduced from these figures that a high proportion of individuals in the fashion and textiles sector work within these areas, as evidenced by the tbr data for the UK and also evidence gathered from our consultations with industry.

<sup>7</sup> Please refer to the Annex A1 for a full analysis of business geography within the UK

<sup>8</sup> ABI, 2008

**Table 2.3 Employment in the fashion and textiles industry**

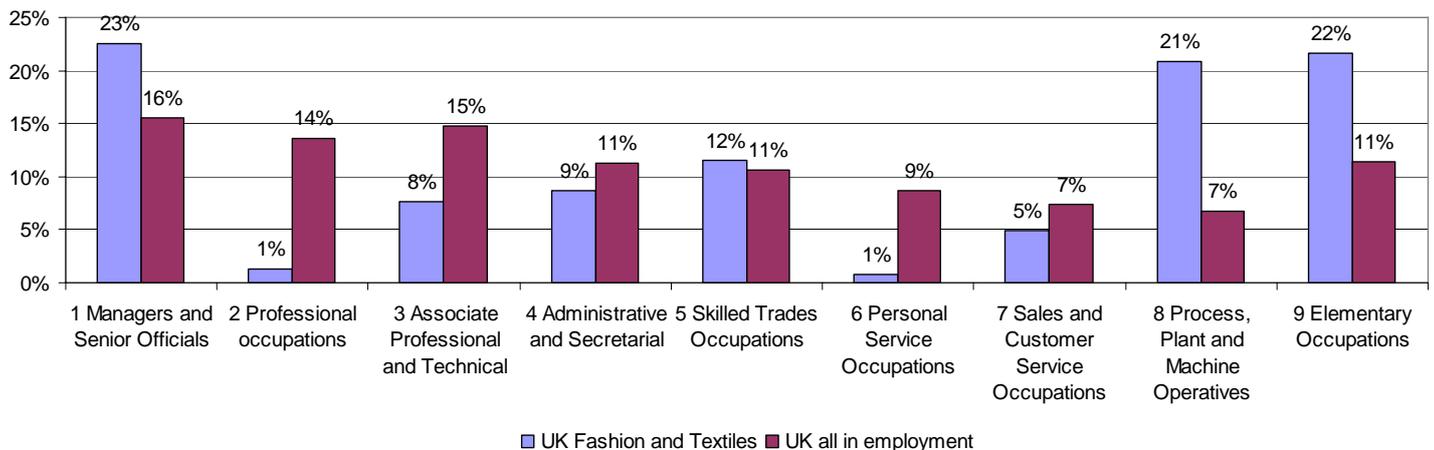
<b>UKSIC</b>	<b>SIC description</b>	<b>Total employment</b>
15113	Fellmongery	900
17	Textile manufacture	99,060
18	Clothes manufacture	52,760
19	Leather manufacture	14,790
2124*	Wallpaper manufacture	230
24422*	Non-medicaments manufacture	240
247	Manmade fibre manufacture	2,970
3310*	Medical equipment manufacture	1,470
4543*	Floor/wall covering	7,420
5111*	Agents raw materials	3,920
5116	Agents textiles/clothing/leather	14,910
5124	Wholesale hides/leather	1,070
5141	Wholesale textiles	15,990
5142	Wholesale clothing/footwear	49,030
51479*	Wholesale other household goods	4,530
5156*	Wholesale intermediate products	500
5271	Repair shoes/leather	4,110
5274*	Other repair	10,150
71409*	Rent personal/house hold goods	2,410
74872*	Speciality design	3,770
9301	Wash/dry clean	47,280
	<b>Total</b>	<b>337,500</b>
TechT	Technical textiles	5,410

## 2.2.2 Occupations

Owing to the large manufacturing base that still exists within the UK's fashion and textiles sector, **process plant and machine operative occupations and elementary occupations make up over two-fifths of the workforce**, with this proportion reflected in all four nations of the UK<sup>9</sup> This is due to the large numbers of sewing machinists, textile process operatives and launderers and dry-cleaners that are employed within the fashion and textiles sector. Further information on occupations within these groupings can be found in Annex One.

Compared to the UK average across all sectors, the **fashion and textiles sector has a higher proportion of managers and senior officials, but a lower proportion of professional occupations and associate professional and technical occupations.** Consultations highlighted that this may in part be explained by the fact that much of the fashion and textiles sector is made up of micro-businesses, with managers and senior officials taking on a range of roles.

**Figure 2.1 Occupational breakdown**



Source: APS 2009 Based on SIC 2007: 13, 14, 15, 2060, 4616, 4624, 4641, 4642, 9523, 9601

<sup>9</sup> Further details on the types of occupations covered by these headings within the fashion and textiles sector are set out in Annex A4. Fuller details on estimated numbers employed within specific occupations are set out in table 4.4:

### 2.2.3 Geography of the workforce

**The fashion and textiles sector in the UK provides just under 340,000 jobs, Scotland employs almost 24,000 and Northern Ireland and Wales each account for approximately 10,000 jobs.** The only notable difference by sub-sector is in Scotland, where repair functions are responsible for a higher proportion of employment.

The North West (54,760 employees), followed by London (46,430 employees) the East Midlands (46,380) and Yorkshire and Humber (35,910) have the greatest proportions of employees in the sector. In comparison, The North East has a much smaller fashion and textiles employment base (10,920 employees). In Scotland, a large proportion of fashion and textiles employment lies within the Scottish Borders. Glasgow and Edinburgh are also home to a high number of employees, particularly in respect of design.

Further exploration of the data reveals that the North West and Yorkshire and Humber are the most significant regions for textile manufacturing with London and the East Midlands proportionally employing most people within the clothing manufacturing industries. The East Midlands is also the largest employing leather manufacturing region with almost a third of the workforce located there that includes much of the UK's shoe manufacturing.

London proportionally employs the greatest number of people within the wholesaling, washing and dry-cleaning (a quarter of all employment). London's credentials as a leading global city within designer fashion is emphasised in that half of all specialist fashion design employment is within the capital.

The data also emphasises the significance of certain industries to the fashion and textiles sector. For instance, the South West has an emphasis on leather manufacturing and the activities of agents involved with textiles, clothing and leather<sup>10</sup>.

## 2.3 The Value of the Fashion and Textiles Sector in the UK

tbr data from 2008, which includes self-employed individuals, shows that **gross value added (GVA) for the sector is estimated at over £11.5 billion**, with GVA per head measured at an average of £34,220.

<sup>10</sup> tbr, 2008. Further details of employment by geography in the UK is set out in Annex A2

These figures allow us to understand the patterns and nature of business activity in the fashion and textiles sector. The textile manufacturing sector is responsible for the greatest contribution to GVA, although the highest GVA per head is in manmade fibre manufacture. This serves to illustrate the continued importance that fashion and textiles manufacture plays in contributing to the economic prosperity of the UK, despite the erosion of the manufacturing base of the economy across all sectors and industries. When focusing attention at the other end of the spectrum, the lowest GVA per head can be found in floor/wall covering, repair of shoes/leather and other repairs.

**Table 2.4 Value to the UK economy, sector GVA estimates**

SIC	Description	Employment	Gross Value Added	GVA/Emp
15113	Fellmongery	900	£26,474,720	£29,320
17	Textile manufacture	99,060	£3,077,293,140	£31,060
18	Clothes manufacture	52,760	£1,832,888,100	£34,740
19	Leather manufacture	14,790	£475,397,320	£32,130
*2124	Wallpaper manufacture	230	£4,948,830	£21,500
*24422	Non-medicaments manufacture	240	*	*
247	Manmade fibre manufacture	2,970	£155,502,530	£52,390
*3310	Medical equipment manufacture	1,470	£48,882,100	£33,160
*4543	Floor/wall covering	7,420	£99,307,230	£13,380
*5111	Agents raw materials	3,920	£142,699,160	£36,390
5116	Agents textiles/clothing/leather	14,910	£611,908,710	£41,050
5124	Wholesale hides/leather	1,070	£48,403,380	£45,410
5141	Wholesale textiles	15,990	£666,766,770	£41,710
5142	Wholesale clothing/footwear	49,030	£2,150,273,650	£43,860
*51479	Wholesale other household goods	4,530	£181,657,450	£40,080
*5156	Wholesale intermediate products	500	£25,059,620	£50,410
5271	Repair shoes/leather	4,110	£75,141,730	£18,280
*5274	Other repair	10,150	£189,844,150	£18,700

SIC	Description	Employment	Gross Value Added	GVA/Emp
*71409	Rent personal/household goods	2,410	£52,581,260	£21,850
*74872	Speciality design	3,770	£151,163,680	£40,080
9301	Wash/dry clean	47,280	£1,081,466,730	£22,880
<b>Total</b>		<b>337,500</b>	<b>£11,549,476,840</b>	<b>£34,220</b>
TechT	Technical Textiles	5,410	£148,672,000	£27,470

Source: tbr 2008 n.b Figures in the table are rounded to the nearest 10 so may not sum. GVA estimates in this table are based on records that have a financial sample. This in turn allows for the creation of GVA per employee estimates to be made. \*

In offering comparisons between the constituent nations within the individual nations reports, it has not been possible to use tbr data. Instead comparisons have been made using data collated through the Annual Business Inquiry. However, it is important to note that the ABI data does not take into consideration self-employed individuals, which are strongly represented within the fashion and textiles sector.<sup>11</sup>

<sup>11</sup> 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.

## 3.0 Drivers of Skills Demand

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

### 3.1 The Economic Environment

#### 3.1.1 Drivers

In line with the rest of the economy in the UK, the economic downturn has impacted upon the fashion and textiles sector with consumer spending and employment both affected. Difficulties associated with accessing finance have also detrimentally impacted upon the fashion and textiles sector in all nations.

#### Consumer spending

ONS consumer trends data for the UK (detailed in Table 3.1 below) suggests that there has been little apparent effect on fashion and textiles related retail spending in the wake of the global recession. Total household expenditure on key fashion and textiles goods steadily increased from £48,780m in 2005 to £53,439m in 2009 with only a slight decrease on 2008.

**Table 3.1 UK Household expenditure on key fashion and textiles goods £m**

	2005	2006	2007	2008	2009
Footwear, shoes and other footwear	5,940	6,495	6,633	6,850	6,432
Household textiles	5,248	5,433	6,013	6,095	5,830
Clothing materials	398	452	457	513	622
Other articles of clothing and clothing accessories	1,529	1,749	1,942	1,937	2,182
Clothing Garments	34,900	35,529	36,365	37,104	37,278
Footwear repair and hire of footwear	63	73	76	77	82
Clothing cleaning and hire of clothing	702	766	854	992	1,004
<b>Total</b>	<b>48,780</b>	<b>50,497</b>	<b>52,340</b>	<b>53,568</b>	<b>53,430</b>

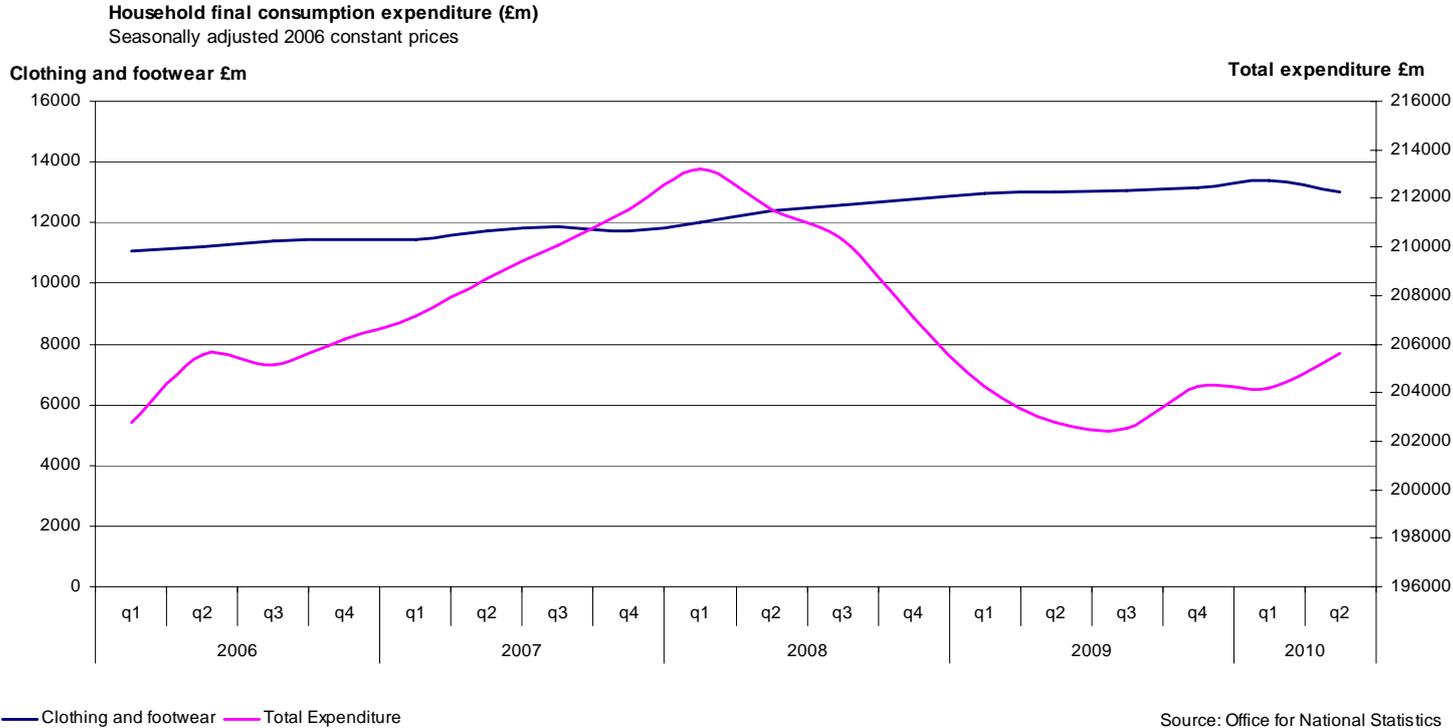
Source: ONS Consumer trends

Broken down by specific fashion and textiles goods and services, data shows that since 2008, consumer spending on items such as footwear (£6,432m in 2009) and household textiles (£5,830m) saw a slight decrease. However, 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 saw an increase in expenditure.<sup>12</sup>

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

This generally consistent trend in fashion and textiles expenditure between 2005 and 2009 differs significantly from what has happened to overall consumer expenditure. Analysing quarterly clothing and footwear sales in Figure 3.1 below shows how spending, reduced from a peak in the first Quarter of 2008 to its current level in 2010, although there has been a degree of recovery since the fourth quarter of 2009. Overall, total expenditure on all items has decreased from £892bn to £872bn over the same period.

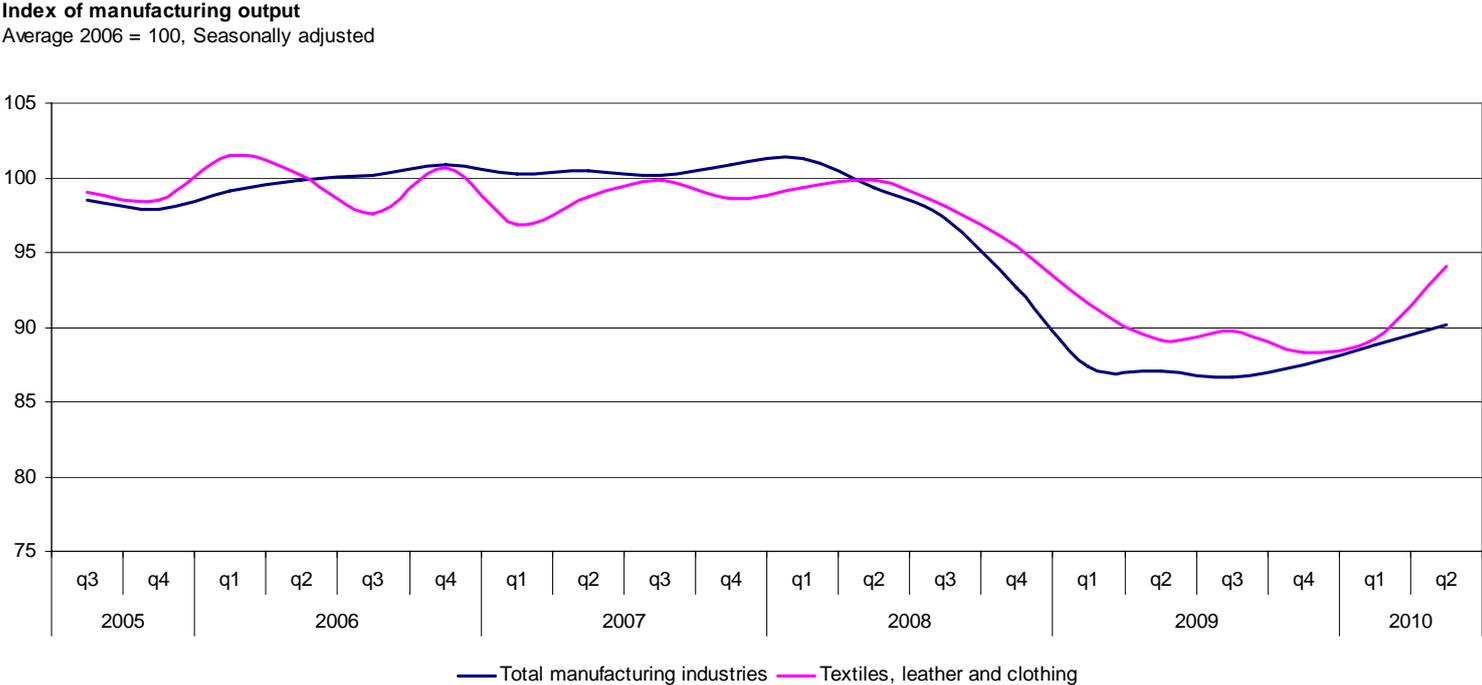
**Figure 3.1 Trends in quarterly clothing and footwear expenditure**



<sup>12</sup> Further information is available in the UK SSA 2010.

Despite this expenditure on fashion and textiles goods and services, a review of manufacturing output in the UK between q3 2005 and q2 2010 shows that production within fashion and textiles manufacturing has stabilised during 2010 after the dramatic falls of late 2008, early 2009. The latest figures for the UK in q2 2010 shows manufacturers had recovered to 94.1 on the index (2006 being 100). This is after the depths of 2009 that had culminated in q4 2009 index figure being 12% down on 2006 levels. In comparison, the wider manufacturing sector was at 91.2 this August showing that whilst fashion and textiles fell further during 2009, the recovery of the sector during 2010 has been stronger. Like the UK, productivity levels in England, Scotland and particularly Northern Ireland have begun to recover since the start of 2009. However, levels in Wales have continued to decline although there was a slight upturn in Q4 of 2009 and the early part of Q1 2010.

**Figure 3.2 UK manufacturing output (2008-2010)**

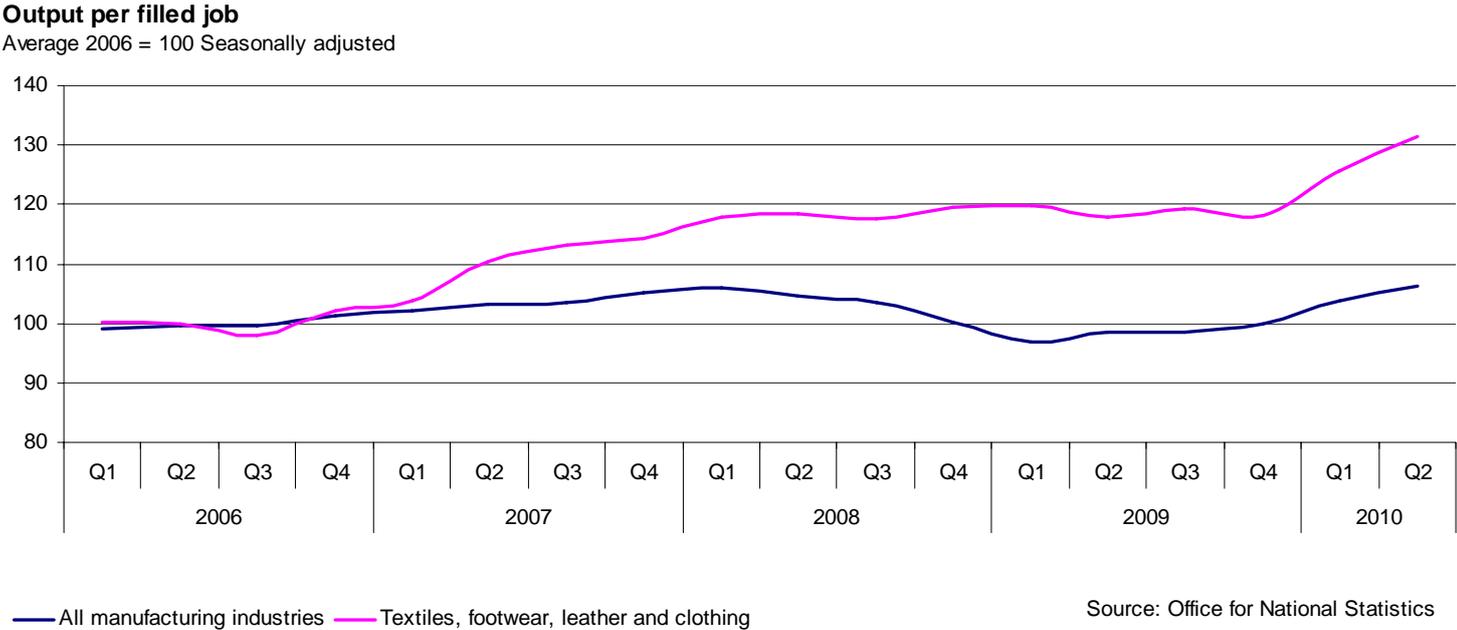


Source: Office for National Statistics

Whilst Figure 3.2 above has served to highlight significant reductions in manufacturing output between July 2008 and January 2010, followed by recovery in the first half of 2010, in looking at output per individual, it would appear, at first glance, that productivity has increased over the same period. However, this perceived increase in individual productivity can whilst indicating the

erosion of low cost manufacturing overseas from the UK, can also in part, be explained by businesses reducing the size of their workforce and the remaining staff having to increase their output to minimise the associated impact. Symbolising how these changes have impacted fashion and textiles manufacturing more deeply, output per job filled in the wider UK manufacturing base has remained steady.

**Figure 3.3 Output per job filled (2006-2010)**



**Employment**

The following data is available up to 2007 and therefore does not consider the impact of the economic downturn. However, it shows that the UK's fashion and textiles manufacturing sector has seen the biggest change in employment levels due to restructuring. These changes are far more severe than witnessed in other countries. In comparison, Italy has the least number of employment losses owing to a number of factors including the strength of identity of Italian produced goods and the vertically integration of their fashion and textiles supply chain.<sup>13</sup>

<sup>13</sup> How employment concentration varies by European country is indicated within Annex A3, illustrating Fashion and Textiles manufacturing employment per proportion of population.

**Table 3.2 Fashion and textiles manufacturing employment**

	2002	2003	2004	2005	2006	2007	% +/- 2002-2007
<b>Italy</b>	727	715	685	647	618	612	<b>-16%</b>
<b>Japan</b>	575	536	495	470	458		<b>-20%*</b>
<b>EU-25</b>	3,008	2,832	2,634	2,469	2,358	2,241	<b>-25%</b>
<b>Germany</b>	235	212	200	185	181	174	<b>-26%</b>
<b>Spain</b>	312	305	284	281	260	229	<b>-27%</b>
<b>USA</b>	925	828	773	698	646	592	<b>-36%</b>
<b>France</b>	220	200	177	160	149	141	<b>-36%</b>
<b>UK</b>	201	169	147	132	119	106	<b>-47%</b>

Source: EU Klems database, 1995 = 100 \*2002-2006

Skills survey data indicates over a quarter of businesses in the fashion and textiles sector decreased the number of people employed in their establishment as a result of the recession in England. However, 6% had increased headcount.<sup>14</sup> Whilst there has been a recovery in productivity, it remains to be seen whether there will be a comparable upturn in employment to match this. Data for the UK shows that whilst textile employment has been stable during 2009 and 2010, there has been a large fall in clothing manufacturing employment.

Using Annual Business Inquiry data for Great Britain as a guide to employment levels up to 2008, a number of patterns emerge. Amongst the key messages are:

- Overall the fashion and textiles sector saw a large reduction in people employed between 2007 and 2008. This is most likely attributed to the initial stages of the recession as the falls in employment up to 2007, particularly in the manufacturing sub-sectors that had previously begun to stabilise within employment levels.
- That manufacturing functions within fashion and textiles remain under pressure with all sub-sectors seeing continued falls in employment. During this period however, the manufacture of luggage et al has seen positive employment increases, whilst the finishing of textiles and footwear manufacture have experienced moderate falls in employment levels, These figures indicate the higher value production strategies being pursued by

<sup>14</sup> NESS, 2009

employers. (Indeed footwear saw rises in employment between 2007 and 2008 as UK manufactured footwear becomes more popular in export markets.)

- Overall wholesaling employment has been unaffected during this period given the fact that wholesale is necessary for import, export and general distribution functions, although the wholesale of hides and leather has seen reduced employment.
- To 2008, service functions such as the repair of boots, shoes and other articles of leather has seen substantial falls in employment. This represents the continued fall in footwear prices due to cheap imports making repair unattractive. Laundry and dry-cleaning activities have also seen a reduction in employment due to continued consolidation in the sector and companies improving their economies of scale. However, evidence from employers suggests the upturn in consumer spending on these services during 2009 are having positive implications for employment within these sectors, with buoyant recruitment activity reported.

**Table 3.3 Historical employment figures for key fashion and textiles functions<sup>15</sup>**

	2004	2005	2006	2007	2008	% +/- 2004-2008
Preparation and spinning of textile fibres	6,000	5,300	4,800	4,200	3,600	-40%
Textile weaving	9,900	8,800	7,400	7,300	6,700	-33%
Finishing of textiles	7,700	7,300	5,900	6,200	6,500	-16%
Manufacture of made-up textile articles, except apparel	28,900	27,000	24,400	23,800	22,300	-23%
Manufacture of other textiles inc man-made fibres	22,900	20,500	19,000	17,700	17,100	-26%
Manufacture of knitted and crocheted fabrics	2,400	2,000	1,500	1,400	1,600	-32%
Manufacture of knitted and crocheted articles	9,600	7,500	6,400	6,300	5,300	-44%
Manufacture of clothing and wearing apparel	41,200	34,600	29,800	28,100	25,200	-39%
Tanning and dressing of leather	1,800	1,400	1,600	1,400	1,400	-23%

<sup>15</sup> Please note this information is Great Britain only

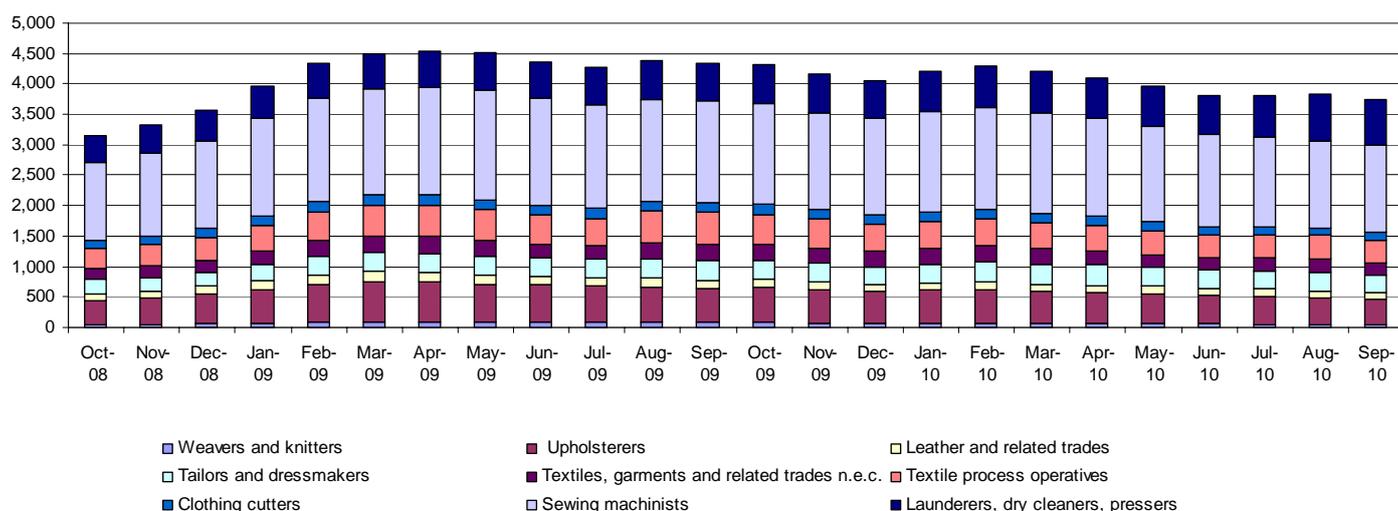
Manufacture of luggage, handbags and the like, saddlery and harness	3,800	3,700	5,900	3,100	3,900	5%
Manufacture of footwear	5,600	4,700	5,100	4,200	4,900	-13%
Agents involved in the sale of textiles, clothing, footwear and leather goods	6,700	5,300	5,400	10,500	7,400	9%
Wholesale of hides, skins and leather	1,400	1,100	1,000	1,000	1,000	-29%
Wholesale of textiles	15,700	14,300	13,900	14,300	14,700	-6%
Wholesale of clothing and footwear	40,300	38,900	38,600	39,300	39,100	-3%
Repair of boots, shoes and other articles of leather	3,700	2,800	2,900	2,400	1,300	-65%
Washing and dry cleaning of textile and fur products	41,200	40,400	42,100	38,300	33,700	-18%
<b>Total across the UK fashion and textiles sector</b>	<b>248,900</b>	<b>225,500</b>	<b>215,700</b>	<b>209,500</b>	<b>195,700</b>	<b>-21%</b>

Source: ABI (excludes self-employed and micro-businesses. Rounded to the nearest 100) GB only. Please note, data from 2006 and 2008 collected by the ONS uses slightly different methodologies. This table is included for indicative purposes

## Claimant count

Analysis of claimant count information for key fashion and textiles occupations across the UK, detailed in Figure 3.4 below, shows claimant numbers in September 2010 are down substantially from their peak in the spring of 2009, although still above where they were in October 2008; just as the economic downturn began to impact the economy. The latest figures show how employment levels are continuing to remain sluggish within the sector. In particular, claimant levels for occupational groups such as sewing machinists and launderers, dry cleaners and pressers have remained high throughout the duration of this period.

**Figure 3.4 Claimants by key fashion and textiles occupation in the UK**



Source: Department for Work and Pensions (accessed via NOMIS)

Analysis by nation illustrates that, whereas trends in claimant count numbers in England, Scotland and Wales have mirrored those outlined above for the UK, Northern Ireland witnessed a steady increase in numbers from October 2008 right through to May 2010, with the first meaningful reduction in number of claimants coming in June 2010.

### 3.1.2 Skills implications

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

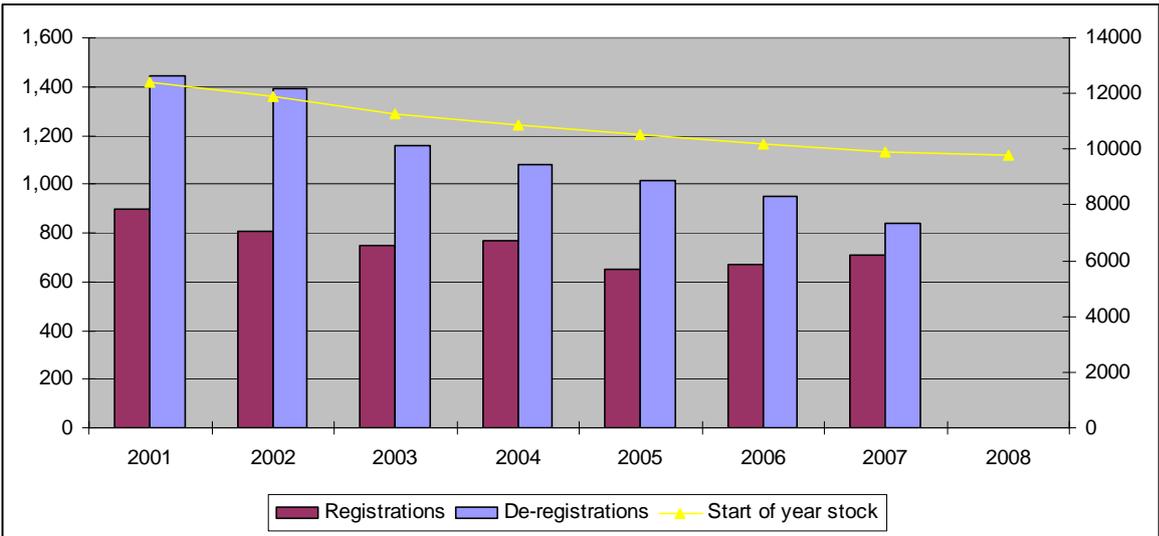
## 3.2 A Redefined Sector

### 3.2.1 Drivers

The fashion and textiles sector, and in particular the manufacturing sub-sector, has experienced decline over the past 15 years as evidenced in part by analysis of employment and GVA

figures. This is further demonstrated in Figure 3.5 below, which illustrates a steady decline of manufacturing enterprises since 2001 as the manufacturing base restructures itself; a trend reflected in all four nations of the UK. Much of this decline has been as a result of retailers and wholesalers increasingly sourcing goods from emerging markets that have competitive advantages as a result of relatively low labour costs. However, the graph shows how, in 2006 and 2007, there was a slight increase in the number of firms registering for VAT, which also points to an increase in the number of new firms entering the sector. It is important to note, however, that a high incidence of self-employment often results in many businesses failing to achieve the turnover threshold required to register for VAT. This means that registration data can only be used as a proxy for new business start-ups. Unfortunately the impact of the recession will not be known fully until the 2009 data is published.

**Figure 3.5 Sector manufacturing enterprises registering and de-registering for VAT**



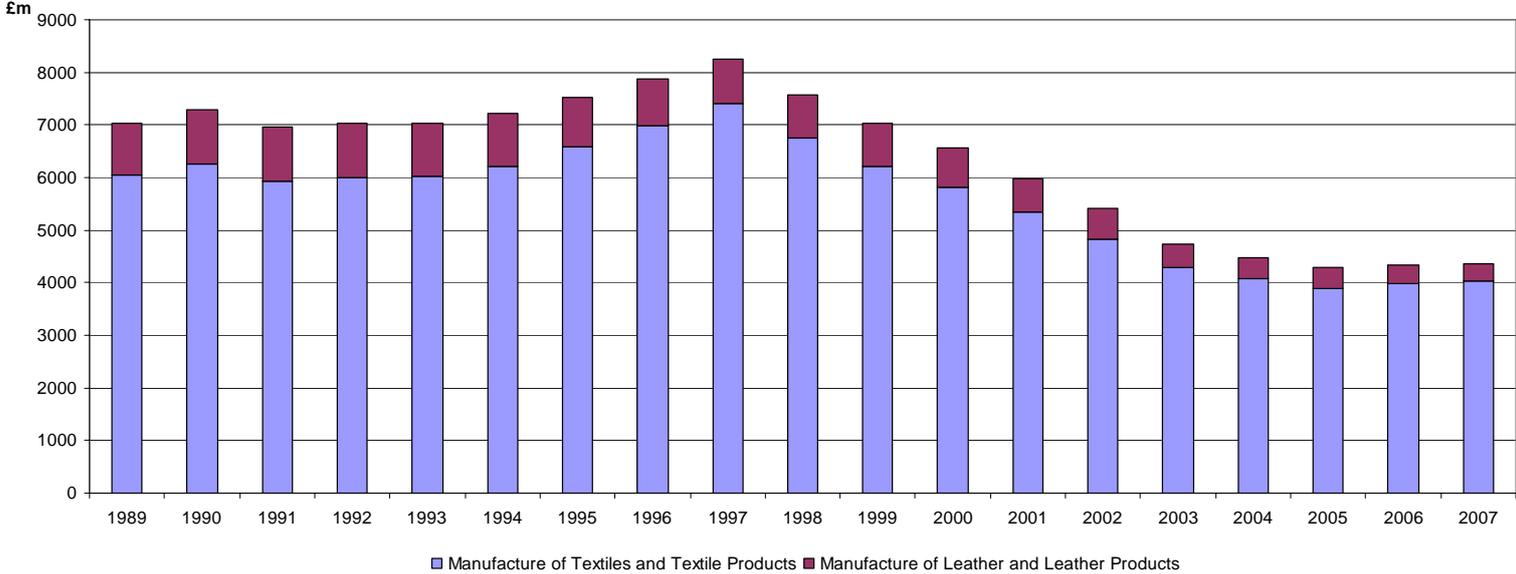
Source: BERR (now BIS).

Note: based on SIC 2003 17-19, 24.7 only

When focusing attention on trends in manufacturing GVA, Figure 3.6 below illustrates that levels for UK fashion and textiles manufacturing have declined between 1997 and 2005 as many productive functions were outsourced, but the years leading up to the recession had seen GVA stabilise and even increase slightly. This pattern was mirrored in all four constituent nations of the UK and highlights that, whilst the outsourcing of low-cost labour intensive manufacturing overseas continues to represent an attractive option for manufacturers, opportunities remain for employers to concentrate on developing higher value added manufacturing. Indeed, as the

opportunities section of this report notes, a number of key markets and factors have been identified that may aid the re-establishment of UK manufacturing.

**Figure 3.6 GVA for UK fashion and textiles manufacturing 1998-2007**



Source: ONS GVA regional accounts

### 3.2.2 Skills implications

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

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

### 3.3.1 Drivers

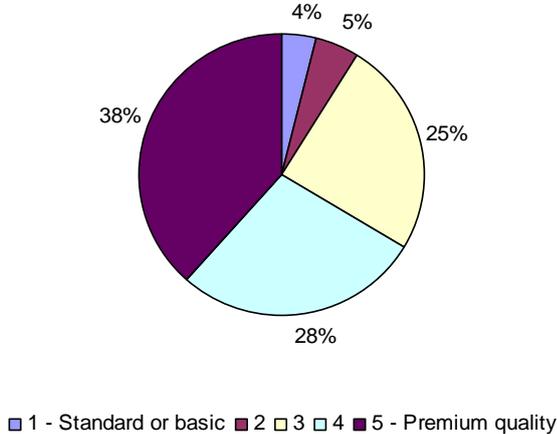
Globalisation of the supply chain in the fashion and textiles industry has been facilitated by a combination of the liberalisation of trade policy, the continued sophistication of communication and supply chain technology. In turn, this has driven structural changes within the sector, with resulting impacts upon margins and profitability: it has led to reduced profitability for the sector's manufacturing firms, particularly those involved in low value manufacturing, whilst creating opportunities for companies to reduce their manufacturing cost base through outsourcing and

higher value functions and in many cases moving completely into wholesaling or the finishing of textiles.<sup>16</sup>

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

In light of increased competition, the Scottish cashmere industry has recognised that it is unable to compete directly on the basis of price and has therefore moved towards higher value, exclusive niche markets and specialised production<sup>17</sup>. In line with this, a number of Scottish designer brands have seen increased demand for their luxury cashmere in European markets. Similarly, the Scottish tartan industry is progressively seeking to move up the value chain, with a primary emphasis on design and quality<sup>18</sup>. This is also supported by the following graph, shows that two thirds of fashion and textiles manufacturers in England responding to NESS 2009 believe their products are at the higher quality end of the market.

**Figure 3.5 Where fashion and textiles manufacturers place themselves on quality of products**



NESS 2009: Based on SIC 2007 13-15

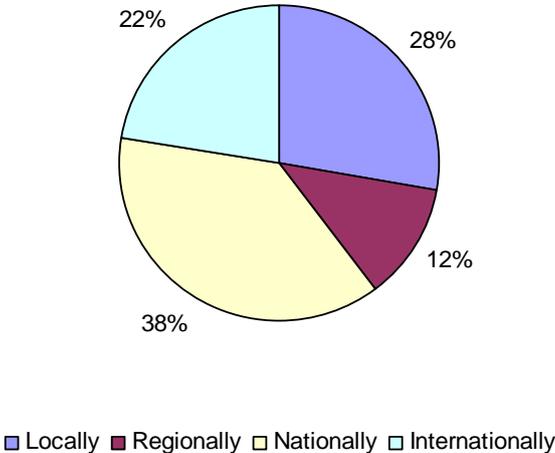
<sup>16</sup> Surviving at the Margins, Evans and Smith, 2005. Their study of London clothing manufacturers identified five strategies adopted, namely, moving into wholesaling; short-run, high value, quick response CMT production; subcontracting production to firms abroad, developing high-value design led production; and spreading risk around a range of activities. DTI, 2007, found textile manufacturers moving into higher value activities and production.

<sup>17</sup> Economic Impact of the Cashmere Industry in Scotland, 2007, Scottish Enterprise

<sup>18</sup> The Economic Impact of the Tartan Industry in Scotland, 2007, Scottish Enterprise

Consultations indicate this is a message across the sectors. Demonstrating this, the graph below shows that fashion and textiles manufacturers are still primarily selling goods and services to a national market but over a fifth of sales are now to international markets. In particular, the UK's biggest export markets for a selection of key products in terms of value, are the Irish Republic, Germany, France and Italy<sup>19</sup> whilst sales to emerging markets, such as Russia, the United Arab Emirates and China are all increasingly important.

**Figure 3.6 Geographical area in which fashion and textiles manufacturers goods / services are primarily sold**



Source: NESS 2009: Based on SIC 2007 13-15

However, businesses do have concerns about the recent rises in cotton process. This has been exemplified by flood in Pakistan and China, which have sent global cotton prices soaring to a 15 year high, leading to rising raw material costs and tight supply. This concern was noted by consultees across all nations.

The following table reviews GVA by value across the EU. Data is only available up to 2007, but it shows that the UK's value of manufacturing has remained stable between 1995 and 2007, although both Italy and Spain have seen large increases during this period. This is despite the large losses of fashion and textiles manufacturing employment illustrating how the UK has made substantial movements up the production value chain.

<sup>19</sup> Source HMRC trade data accessed from tradeinfo.com. Please see Annex A7

**Table 3.4 Fashion and textiles manufacturing GVA by value**

	2002	2003	2004	2005	2006	2007
<b>Italy</b>	126.3	129.0	129.5	128.9	128.5	136.5
<b>Spain</b>	113.0	118.5	114.7	115.9	117.6	119.6
<b>EU 25</b>	105.4	105.2	106.6	106.9	107.6	110.7
<b>UK</b>	108.8	97.2	102.2	99.9	101.2	103.9
<b>USA</b>	106.3	103.6	103.8	102.7	104.4	103.7
<b>Germany</b>	104.1	103.8	103.0	101.3	99.7	99.9
<b>France</b>	91.6	93.6	91.6	88.6	88.7	88.6
<b>Japan</b>	102.9	98.8	96.7	96.1	92.8	

Source: EU Klems database, 1995 = 100

### 3.3.2 Skills implications

Globalisation has placed increasing pressure on the UK fashion and textiles sector in terms of competitive labour costs. As a result, a significant proportion of manufacturing employment, and associated skills, have been lost abroad. Firms have been and continue to place greater consideration on 'balanced sourcing', where a certain proportion of the manufacturing process remains in the UK, whilst elements move overseas and move up the production chain. This has direct implications on the types of skills required in the UK, namely higher value-added and knowledge-based skills. This is supported by data from BERR (now BIS), which found that between 2001 and 2008 business stock in the fashion and textiles manufacturing sub-sector declined by 21%, whilst business stock in the finishing of textiles increased by 7% during the same period<sup>20</sup>.

What is more, research into the role of employers in sectoral skills development highlighted the need for the UK to develop a better qualified and skilled workforce in order to maintain growth and innovation<sup>21</sup>. In addition, there is an increasing demand for individuals with out-sourcing knowledge in terms of the production environment together with knowledge of materials, plus supply chain management skills.

<sup>20</sup> BERR, 2009 (based on SIC codes 17-19 and 24.7 only)

<sup>21</sup> The role of employers in sectoral skills development, 2006, Centre for Labour Market Studies, University of Leicester

## 3.4 Diversification and the Rise of Technical Textiles

### 3.4.1 Drivers

In response to globalisation and the erosion of the UK's traditional textiles base, businesses in the sector have sought to diversify their operations and move towards the production of a wider variety of products, with higher value-added. In this vein, a key emerging market has been technical textiles, which are created specifically for their performance rather than their aesthetic appearance. Such industries and activities, which rely on nanotechnology, electronic or other innovations, include the manufacture of protective clothing for emergency services, the development of products and garments for medical services ranging from medical splints and bandages to surgical tools, and the inclusion of carbon fibre for aircraft frames.<sup>22</sup> In particular, consultations suggest that technical textiles have seen large clustered growth in the North West of England and Scotland.

For example, in 2007, the DTI estimated that technical textiles contributed £1.5 billion to the UK economy<sup>23</sup>. Supporting this, European Community data gathered by the Technitex<sup>24</sup> showed that in 2007, the UK was ranked in fourth place for technical textiles sales (€1.32b), following Germany (€3.98b), Italy (€3.18b) and France (€2.51b) but just ahead of Spain (€1.08b). However, further afield, the UK faces increasing competition from Asia and Russia, who are experiencing high growth rates in technical textiles. For example, India, with Government support, is investing heavily in technical textiles.

### 3.4.2 Skills implications

If the technical textiles sub-sector is to grow effectively, there is an ongoing need for individuals capable of developing and commercialising new, innovative products and processes. The sector needs high-level technical and scientific skills, supported by ongoing research and development. In respect of research and development it will be vital for industry and academia, particularly higher education institutions, to work more effectively in partnership. However, as consultees stated, in seeking to provide a suitably trained workforce for engagement with technical textiles, it is too simplistic to provide generic training used by other elements of the fashion and textiles sector. Emphasis needs to be placed on obtaining skills and experience from other manufacturing and scientific sectors. This includes the attraction of STEM graduates into the sector.

<sup>22</sup> Please see <http://techtexiles.co.uk/what-are-technical-textiles.cfm> for further information

<sup>23</sup> Multi-sector skills study: Technical textiles, 2007, DTI

<sup>24</sup> The current position of technical textiles in the UK, Byrne (Data is based on PRODCOM data, 2007)

## **3.5 Fast Fashion and Responding to Consumer Demands**

### **3.5.1 Drivers**

The rise of fast fashion to satisfy changing consumer tastes has placed increasing pressures on companies to supply their retail markets. There have been two components to a fast fashion system identified: 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<sup>25</sup>. Areas within which fast fashion has become important include haute couture ranges, the designer ready to wear collections and the copycat/modified designs by mass market retailers. Indeed, evidence points to major retailers beginning now to manufacture closer to market at the expense of cheaper Asian production to ensure swift delivery of products to market. In many cases, designs are developed for production for each of the four seasons with lead production times of as little as 15 days from concept to stock in retail stores.<sup>26</sup> This has greatly impacted on the role of the design function to ensure that products are suited to the fashions developed that season and meet consumer demand for the latest styles.

### **3.5.2 Skills implications**

In order to respond to the rise of fast fashion, firms have had to think carefully about how best and most quickly they can satisfy the changing needs of the end user. The sector needs to have a comprehensive understanding of its consumers, which will be facilitated by good commercial awareness and customer facing skills. In addition, the sector needs to have creative design skills, supported by flexible and efficient production practices, effective communications and marketing within the supply chain, efficient logistics operations and the use of advanced IT systems.

<sup>25</sup> The Value of Fast Fashion: Quick Response, Enhanced Design and Strategic Consumer Behavior, 2010, Cachon, G and Swinney, R

<sup>26</sup> Zara Case: Fast Fashion from Savvy Systems, 2008, John M. Gallagher

## 3.6 The Impact of Legislation and the Sustainability Agenda

### 3.6.1 Drivers

It is widely acknowledged that environmental concerns are a key challenge that the fashion and textiles sector must rise to meet. Examples include the Climate Change Levy in the UK plus EU legislation such as the Regulation, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Integrated Pollution Prevention and Control (IPPC). Meeting environmental challenges will impact firms in a variety of ways, such as the availability of raw materials, transportation costs, energy and water use and waste and its effective disposal. For the laundry and dry cleaning sector, there is pressure to use different solvents that are more environmentally friendly. What is more, it has been noted that the environmental pressures on this sub-sector tend to lead to an increase in processing costs and as there is also a continuous pressure on prices, there is a need for larger scale operations<sup>27</sup>. Similarly, the leather industry faces a major challenge in addressing environmental concerns; typically only 20% of a raw hide provides actual leather, which consequently has significant environmental implications in terms of waste disposal. There is also heavy use of chemicals in the tanning process. In articles published by the European Commission, it is estimated that environmental protection costs the leather industry 5% of all operational costs. In light of this, there is evidence to suggest that tanners are adjusting their production towards higher quality output and high fashion content leathers<sup>28</sup>.

Research conducted by Skillfast-UK in 2009, highlighted that as well as legal regulations and the need to reduce costs, the sustainability agenda was also being used by employers to help differentiate their products from that of competitors and seen as an important marketing tool.<sup>29</sup>

Alongside environmental pressures, there is also increasing emphasis being placed on ethical standards, for example through industry affiliation with ethical standards bodies and labelling initiatives. Given that 90% of UK clothing is imported, many of the significant impacts are occurring overseas as well as in the UK<sup>30</sup>. What is more, the sustainability agenda is fuelled by a consumer pressure, which is, in part, stimulated by greater access to information on corporate activities, and increasing awareness of the environmental impact of firms.

<sup>27</sup> Together professionals can make a difference, 2009, ([www.laundryanddrycleaningnews.com](http://www.laundryanddrycleaningnews.com))

<sup>28</sup> Several EU regulations contribute to a more environment-friendly tanning industry, European Commission Enterprise and Industry

<sup>29</sup> Material Impact - a study into sustainability skills for fashion and textile, 2009, Skillfast-UK

<sup>30</sup> Sustainable clothing action plan, 2010, DEFRA

## 3.6.2 Skills implications

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

## 3.7 Responding to Technological Advances

### 3.7.1 Drivers

The competitiveness of the fashion and textiles sector partly relies on the ability of companies to harness continually emerging technologies in a whole host of areas, including computer-aided design, materials technologies, processing technologies, lifecycle management and 'green technologies'. The importance of this movement within the sector is emphasised in a report into technology and innovation futures published by the government Office for Science in 2010, which stated that "there are strong opportunities for growth in the UK economy if businesses can harness scientific and industrial capabilities to take advantage of technology-enabled transformations in manufacturing, infrastructure and the internet"<sup>31</sup>. However, a study published in 2008 found that the leading EU countries in terms of innovation performance in the textiles sector were Denmark, France, Austria and Germany. These countries have both a high level of performance and a high rate of growth and excel in a number of different dimensions of performance. In comparison, the UK was seen to be an average performer along a number of criteria when compared to other countries<sup>32</sup>.

A comparative study of British and Italian woollen and worsted fabric manufacture, noted that British mills could offer quicker and more reliable delivery than their Italian counterparts. However, unit cost price was higher for British mills due to the exploitation in Italy of scales of production, vertical production control, working closely with machinery suppliers and excellent production engineering. The report also identified that the Italians appeared more innovative in all aspects of the business, for example equipment that was designed for one type of fabric had been adapted for another. The best Italian mills gain advantages in production by engaging in

<sup>31</sup> Technology and Innovation Future: UK Growth Opportunities for the 2020s, 2010, Government Office for Science

<sup>32</sup> Benchmarking National Specific Sector Environments in the Textiles Industry, 2008, Marin, Patel and Paunov

machinery design and adapting machinery to their own needs, in a way that is less evident in British mills<sup>33</sup>. Responding to technological advances will be key to all aspects of the fashion and textiles sector, but consultees in the technical textiles sub-sector, plus dry-cleaning and laundry sub-sectors particularly highlighted the impact of technology on their operations.

The following data table shows how compared on an international basis, UK fashion and textiles manufacturers have been highly reliant on exploiting technology, as noted by the increases in total factor productivity, a measure that excludes labour and capital investments but includes factors such as technology:

**Table 3.5 Fashion and textiles manufacturing: total factor productivity**

	2002	2003	2004	2005	2006	2007
<b>UK</b>	106.2	118.2	118.7	130.2	140.0	152.0
<b>Germany</b>	118.0	121.6	125.2	130.6	138.8	142.8
<b>USA</b>	102.7	115.3	119.6	127.7	123.0	121.0
<b>Italy</b>	91.5	87.5	86.0	87.5	91.4	90.4
<b>Spain</b>	92.7	88.8	89.5	83.4	85.2	90.4
<b>France</b>	91.6	93.6	91.6	88.6	88.7	88.6
<b>Japan</b>	81.5	84.9	89.4	86.2	89.3	

Source: EU Klems database, 1995 = 100

It is important to note, however, that alongside these technological advances, there is still a demand for traditional production techniques. This was particularly emphasised among Scottish businesses, for example in respect of weaving and hand-tailoring.

Consultees also emphasised the impact of online retailing and selling direct from source. For example, on a UK level, the latest figures from the Office for National Statistics show that in 2010, 52% of adults made clothing and sports goods purchases online, up from 37% in 2006<sup>34</sup>. This opens up the sector to new possibilities in commercial terms and increases firms' abilities to simulate their own demand through the easier management of production and supply chains. However, the internet can also facilitate a rise in competition as products become more

<sup>33</sup> A comparative study of the British and Italian textile and clothing industries, 2003, DTI

<sup>34</sup> Annual abstract of statistics, 2010, ONS

accessible to consumers across the world. In recognition of the potential of online retailing, as an example, Spanish clothing retailer Zara announced in 2010 that it was opening a new online store in the UK, plus France, Spain and Portugal<sup>35</sup>.

### **3.7.2 Skills implications**

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

## **3.8 Sector Image and an Ageing Workforce**

### **3.8.1 Drivers**

When asked about the image of the sector, consultees often commented that fashion and textiles was an 'invisible' sector. Further expanding on this, consultees stated that many people do not appreciate the extent to which fashion and textiles manufacturing still exists in the UK. Consultees noted that young people are not aware of the range of jobs and careers available within the sector, an observation which was also cited in recent reports by the British Fashion Council and the Textile Institute<sup>36</sup>, nor are they aware of the extent to which the industry offers progression routes to higher value, technical roles. The exception to this is the design sector, which consultees felt had a much higher profile. This was supported by research conducted by the Textile Institute, which noted that students applying for fashion and textiles courses are often only aware of the more glamorous design related aspect of the industry, which is reflected in the popularity of design-based courses<sup>37</sup>.

In addition, people also have poor perceptions of certain parts of the fashion and textiles sector. For example, the manufacturing and dry-cleaning sub-sectors are often seen as unattractive career options.

<sup>35</sup> Online clothes shopping lures people from the high street, [www.bbc.co.uk/news/business](http://www.bbc.co.uk/news/business)

<sup>36</sup> The Value of the UK Fashion Industry, 2010, British Fashion Council and Fashioning out future: Education in fashion and textiles in the UK, Textiles Institute

<sup>37</sup> Fashioning out future: Education in fashion and textiles in the UK, Textiles Institute

## 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<sup>38</sup>.

Further compounding this issue, the fashion and textiles industry is characterised by an ageing workforce and therefore recruiting young people into the sector is becoming ever more important. Compared to the EU, the UK fashion and textiles sector is characterised by a far greater proportion of its manufacturing workforce aged over 50 years old<sup>39</sup>. Similarly, 47% of the UK fashion and textiles workforce is aged 45 years and over and Scotland has a higher proportion still with over half (54%) being aged over 45. Consultees highlighted that an ageing workforce is particularly prevalent within manufacturing. By sub-sector, the textiles sub-sector has the biggest issues with an ageing workforce with 54% over 45. In contrast, apparel which includes much of the wholesaling function has in comparison 41% of the workforce over this age.<sup>40</sup> Notwithstanding this, it is important to note that the ageing workforce in the manufacturing sub-sector will have direct implications on those working in the design or fashion sub-sector.

<sup>38</sup> Generation F, 2009, Skillfast-UK

<sup>39</sup> Eurostat

<sup>40</sup> Please see the accompanying Annex A5 for sub-sectoral demographic tables.

## **3.8.2 Skills implications**

The ageing workforce has major implications for the sector and there is significant concern that as people retire, certain skills will be lost and will be unable to be replaced in the UK. This is particularly the case for more traditional and technical skills. For example, businesses in Northern Ireland highlighted concerns in respect of hand stitching, machine stitching, pattern grading, pattern cutting and sampling, whilst in Scotland, there were particular concerns in relation to weaving and specifically the use of traditional rather than technologically advanced machinery. The use of traditional machinery is particularly important to tweed manufacturers and weavers. What is more, key occupations that are expected to contribute to the continued success of the sector suffer from a lack of awareness as to the role carried out. Consultees have concerns that those that do enter the sector do not have the full set of skills required to fill the roles, which is emphasised by the perception of a long-term decline in apprenticeship uptake.

## **3.9 Product Marketing and the British Style**

### **3.9.1 Drivers**

There is a distinctive British style, which is often synonymous with quality. British fabrics are traditionally noted for their construction, durability and other functional attributes<sup>41</sup>, which are characteristics recognised in world markets that add to the attraction of products. In Scotland, traditional highland dress and tartan are a key component of their fashion and textiles industry. This was supported by research conducted in 2007, which found that tartan's overall contribution to Scotland's GDP was equivalent to approximately £350 million per annum<sup>42</sup>. Similarly, in England as an example, Savile Row is famous for its traditional men's bespoke tailoring.

What is more, the British Fashion Council<sup>43</sup> highlights 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. Promoting the British brand represents a particularly important opportunity for domestic firms in the fashion and textiles industry, plus a significant pull factor for foreign investors. As an example, consultees highlighted that the tradition and heritage associated with saddler businesses in England is key

<sup>41</sup> A comparative study of the British and Italian textile and clothing industries, 2003, DTI

<sup>42</sup> The Economic Impact of the Tartan Industry in Scotland, 2007, Scottish Enterprise

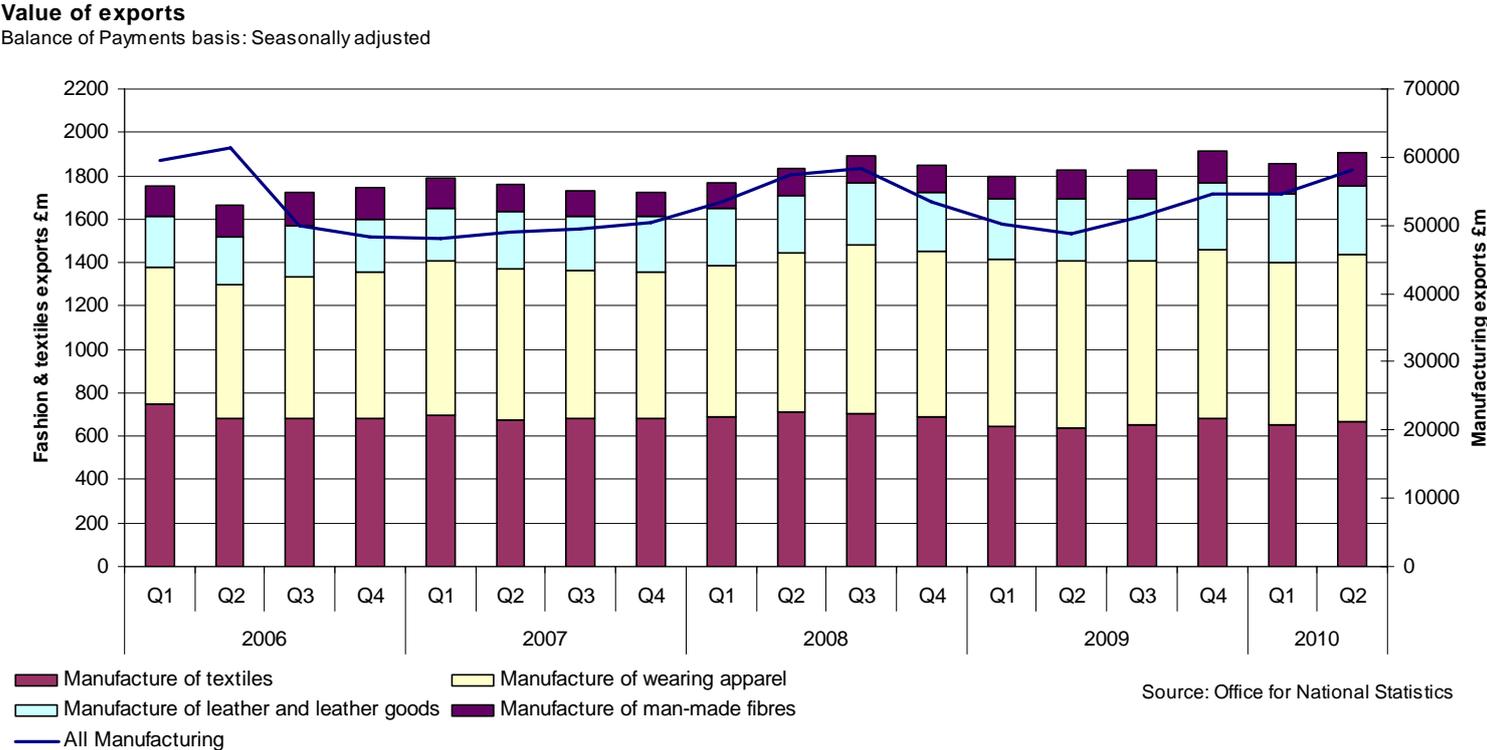
<sup>43</sup> The Value of the UK Fashion Industry, 2010, British Fashion Council

to their continuing success. However, these businesses are increasingly facing competition from overseas firms that attempt to imitate the British style. In addition, Scottish businesses are seeking to build on the 'Made in Scotland' brand.

The British brand represents a key mechanism for UK businesses to differentiate themselves from competitors. Lending further evidence to this is research conducted by the DCMS on British Designer Fashion that has shown steady increases over recent years in business numbers, employment and economic contribution<sup>44</sup> whilst Her Majesty's Revenues and Customs figures show that within export markets, this British style is popular amongst many global markets spanning all continents, with traditional European markets and emerging international markets all keen for UK produced fashion and textiles goods.<sup>45</sup>

Information from the ONS confirms this trend with export markets remaining strong throughout the recession period.

**Figure 3.7 Value of UK fashion and textiles exports**



<sup>44</sup> Creative Industries Statistics Bulletin Feb 2010, DCMS

<sup>45</sup> Please see Annex A7 for HMRC information on export markets by product type

### **3.9.2 Skills implications**

Maximising the benefits and impact of the UK brand' within the fashion and textiles sector requires specialist skills, for example an understanding of how to design and manufacture products that meet consumer demands, plus an ability to effectively market and sell these products, both domestically and to traditional and emerging overseas markets in a way that builds upon the UK brand.

## 4.0 Skills Needs

### 4.1 Introduction

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

### 4.2 Identifying Skills Needs

Using NESS 2009 data as a proxy for the UK suggests that **only 58% of employers have formal job descriptions in place for all of their employees** and less than half of employers have an annual performance review for all of their staff. This lack of formal approaches to appraisals and identification of skills needs is prevalent across all nations. Without these mechanisms in place, it can be difficult for employers to formally and accurately identify the skills needs affecting their business. An area of research that has been subject to a recent review by the UKCES<sup>46</sup> 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 that has been adopted by the UKCES is Skills Utilisation and the 4A model emphasising access, ability, attitude and application.<sup>47</sup> (please see Annex A8 for further information)

### 4.3 Recruitment

On the whole, the fashion and textiles sector faces challenges in respect to recruiting individuals, particularly given the relatively high turnover of staff when compared to other sectors and manufacturing industries within the economy. The extent to which the sector has hard-to-fill vacancies and the challenges businesses face in respect of recruitment are highlighted in the following sections.

#### 4.3.1 Vacancies

Figure 4.1 shows that **a slightly lower proportion of employers in the fashion and textiles industry in the England have vacancies, compared to the average for all England**

<sup>46</sup> High performance working: A synthesis of key literature: evidence report 4, UKCES, 2009

<sup>47</sup> High performance working: A policy review: evidence report 18, UKCES, 2010

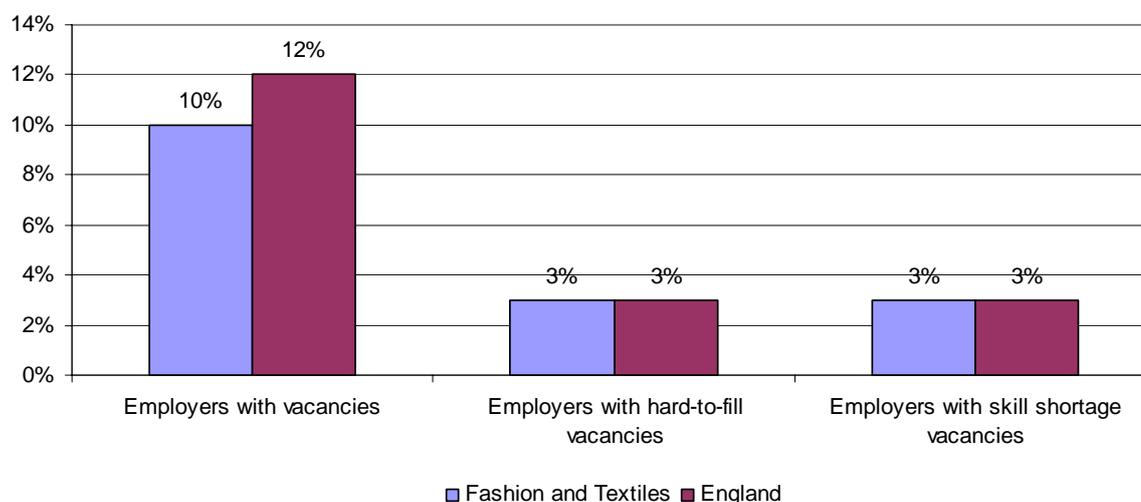
**employers.** These figures do serve to mask some notable differences between the constituent nations of the UK. For example, over the last 12 months, over two thirds of fashion and textile employers in Northern Ireland (41%) and 15% of employers in Wales have reported staff vacancies, both much higher than the England average of 10%. These trends continue when data on hard to fill vacancies are analysed. Compared to the England average of 3%, over one fifth (22%) of Northern Irish and 9% of Welsh businesses consider their vacancies to be hard to fill. Of these hard to fill vacancies, 25% are skills shortage vacancies in England compared with only 12% in Northern Ireland, but 39% in Wales. By sub-sector, apparel and sewn products (11%) and the laundry and dry-cleaning (13%) sectors employers report vacancies. However, whilst only having a 9% vacancy rate, the footwear and leather sub-sector employers reported 44% and apparel and sewn products 41% of these vacancies were hard-to-fill and demonstrate the technical nature of job roles within the sector.<sup>48</sup>

Since 2007, employers in the fashion and textiles sector appear to have experienced a decline in vacancies which is consistent with the messages from the recession. In 2007, 13% of employers in the fashion and textiles industry in England had vacancies, 5% had hard-to-fill vacancies, and 4% had skill shortage vacancies<sup>49</sup>. The economic recession, which has led to greater competition for vacancies, is likely to have played a key role in influencing these differences. However, another key messages is that recruitment of under 24s has suffered during this period with NESS 2009 highlighting 15% of employers had decreased their recruitment (although 3% had increased recruitment levels).

<sup>48</sup> NESS 2009 Please see Annex A5

<sup>49</sup> NESS, 2007

**Figure 4.1 Vacancies**



Source: NESS, 2009

The main reasons for having hard to fill vacancies are highlighted in the following table and these findings can be seen to link back to messages both concerning the sector's image and the availability of skills to the employer. It can be seen that a low number of applicants with the required skills (34%) and qualifications (21%) are problems for employers; findings reflected in all four nations of the UK. What is of major concern is that a fifth of employer's state personal skills are a major factor when looking to recruit whilst 17% say there are not enough people interesting in doing the job.

**Table 4.1 Main reasons for having a hard to fill vacancy**

Reason	Percentage of employers
Low number of applicants with the required skills	34%
Lack of qualifications the company demands	21%
Low number of applicants with the required attitude, motivation or	20%

Reason	Percentage of employers
personality	
Lack of work experience the company demands	19%
Not enough people interested in doing this type of job	17%

Source: NESS, 2009

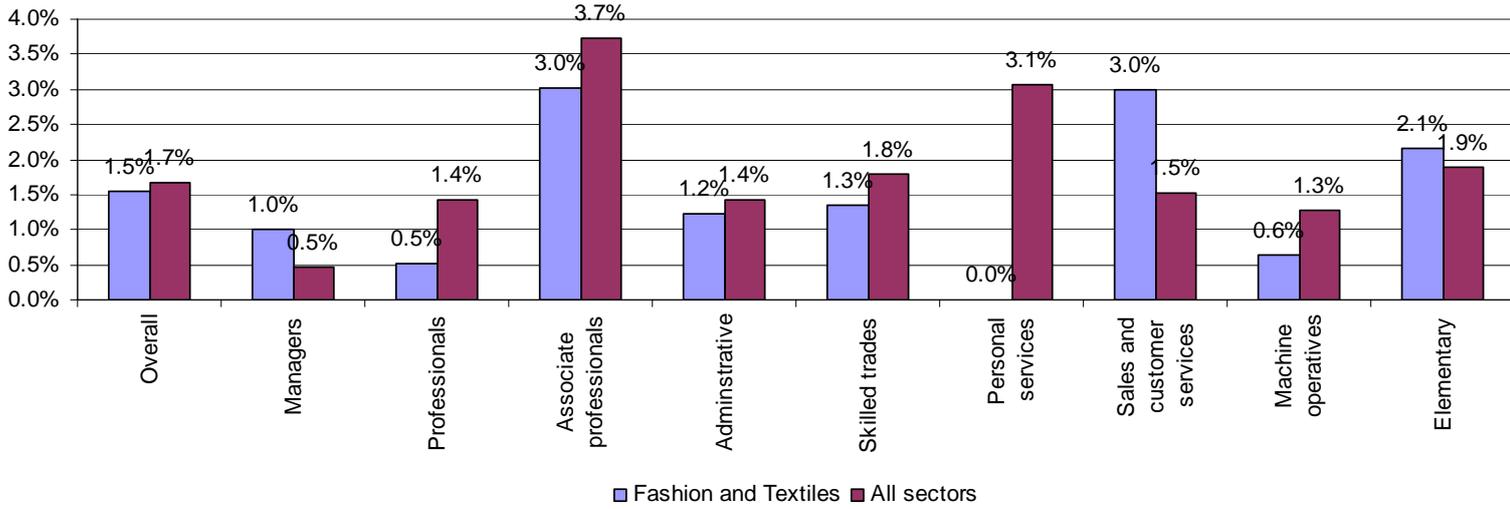
### 4.3.2 Vacancies by geography

NESS 2009 data shows that the West Midlands has a higher proportion of employers with vacancies than the average for England's fashion and textiles sector but this region has a lower proportion of hard to fill vacancies (as a percentage of all vacancies) than the England average for the sector. In comparison, over half of the vacancies in London have been identified as being hard to fill, and over two fifths of vacancies in the East of England and South West are hard to fill.

### 4.3.3 Vacancies by occupation

The following graph shows that **vacancies in the fashion and textiles sector are particularly prevalent in the sales and customer services occupations (3.0%) and associate professionals (3.0%)**. What is more, vacancies in these occupations are much higher than the average for all sectors in the UK (1.5%).

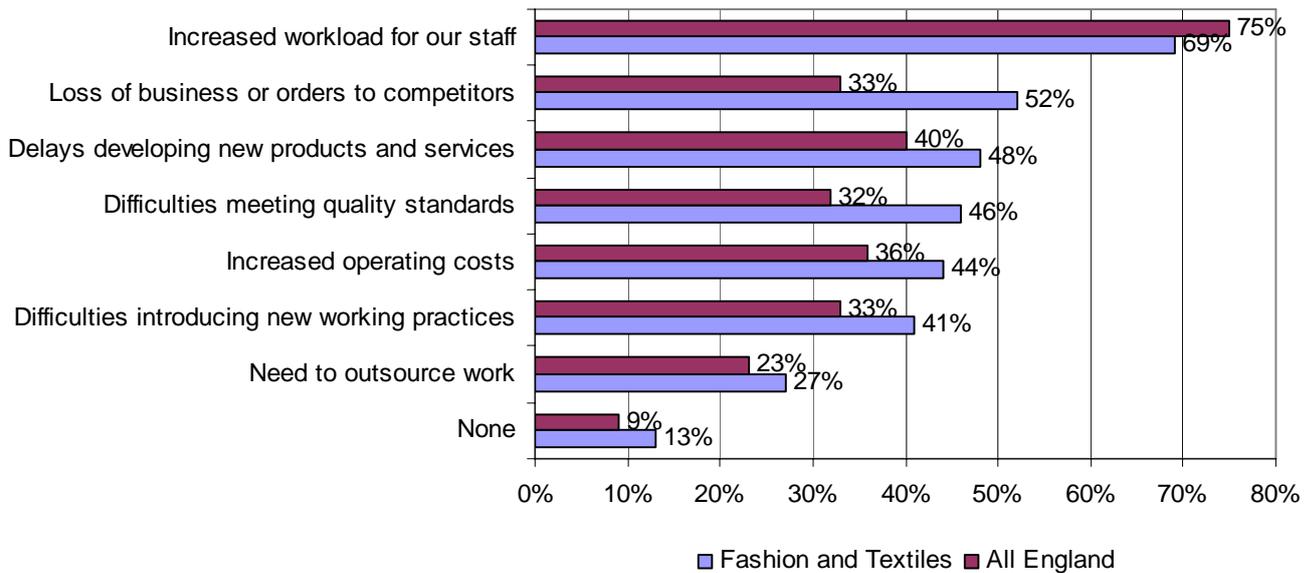
**Figure 4.2 Propensity of vacancies by occupation**



Source: NESS 2009 (employee base)

On the whole, the impact of having hard-to-fill vacancies is far greater in the fashion and textiles industry than is being reported at an all sector level in the UK. The main impacts cited by employers are increased workload for staff (69%), loss of business or orders to competitors (52%), delays in developing new products and services (48%) and difficulties in meeting quality standards (46%). All of these issues will have a significant impact on the productivity and the competitiveness of firms in the fashion and textiles sector and further illustrates the relevance of the demand drivers placed on fashion and textiles organisations and the need to attract capable staff compared to the rest of employers in UK.

**Figure 4.3 Impact of hard-to-fill vacancies**



Source: NESS 2009

#### 4.3.4 Barriers to Recruitment

On the whole, the fashion and textiles sector struggles to recruit people as highlighted by the reasons companies in the sector have hard-to-fill vacancies. Difficulties appear to be more prevalent for the traditional roles within the sector and particularly those in the manufacturing sector which is evidenced by the high proportion of skills shortages within these industries highlighted within the 2008 Fashion and Textiles employer survey. In comparison, consultees suggest that there are a wealth of designers coming out of further and higher education; the issue here is whether the designers have the full spectrum of technical and business skills that employers in the sector require and whether individuals choose to enter the fashion and textiles sector. Consultees suggest that recruitment difficulties also vary geographically and are largely dependent on the status of the local economy.

To summarise, the main challenges facing businesses that are seeking to recruit are highlighted below, most of which have been highlighted and discussed in the four nation reports:

- **Geography:** Geography, and more specifically the location of businesses versus the location of the potential employees, is a challenge for the fashion and textiles sector. For example businesses that are located in the Scottish Highlands and Islands means their

remote location limits the available labour pool or existing workforce from which to recruit new people.

- **Poor perceptions of the sector:** People have poor perceptions of the fashion and textiles sector. For example, the manufacturing and dry-cleaning sub-sectors are often perceived as unattractive.

### **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. This was supported by the Fashion and Textiles Employer Survey 2008 which found that 16% of UK businesses stated that attracting science and technology graduates who can help to develop new products and processes is a key skills priority, rising to 23% for employers within the textiles sub-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<sup>50</sup>.

- **Low entry level wages:** The sector is also characterised by low entry level wages, which detract people from entering the sector. Table 4.2 below demonstrates how job roles within the sector compare within their broader occupational groupings.

<sup>50</sup> The ROSE Project: An overview and key findings, 2010, Sjoberg and Schreiner

**Table 4.2 Median weekly wages**

SIC occupation	Median weekly wage £	% change during the year
<b>ALL MANUFACTURING</b>	<b>467.9</b>	<b>-0.8</b>
Manufacture of textiles	336.5	6.4
Manufacture of wearing apparel	283.1	-3.3
Manufacture of leather and related products	372.8	18.2
<b>ALL SKILLED TRADES OCCUPATIONS</b>	<b>452.1</b>	<b>0.0</b>
Textiles And Garments Trades	364.9	-1.2
<b>ALL PROCESS, PLANT AND MACHINE OPERATIVES</b>	<b>414.0</b>	<b>-0.3</b>
Clothing cutters	348.1	
Sewing machinists	266.7	-4.8
<b>ELEMENTARY OCCUPATIONS</b>	<b>322.5</b>	<b>1.4</b>
Launderers, dry cleaners, pressers	258.2	10.0

Source: ASHE 2009. White = CV <= 5%. Light blue CV > 5% and <= 10%. Dark blue =CV > 10% and <= 20%

- A lack of awareness of the career opportunities within the sector:** Consultees noted that young people are not aware of the range of jobs and careers available within the sector, nor are they aware of the extent to which the industry offers higher value, technical roles. There are also often perceptions that there are limited opportunities for career progression. Although consultees felt that the design sector has a high profile, it was identified that there is still scope to encourage a better understanding of the different types of designers and educate students about what the role of designer actually entails. This is highlighted by the 2009 Skillfast-UK study that showed school leavers had little

understanding of jobs and career options within the sector, despite many of them offering opportunities they would welcome.<sup>51</sup>

- **Poor industry links with education:** In part, the lack of awareness and poor perceptions of the industry stem from poor links between industry and schools. This is further exemplified by a lack of awareness or apprenticeships and a decline in apprenticeship opportunities. For example research has identified that many schools fail to inform many students about apprenticeships<sup>52</sup>.
- **Attractiveness of other sectors:** Recruitment in the UK is also considered to be more difficult because of the opportunities available within other sectors of the economy.
- **Poor recruitment mechanisms:** Consultees often commented that there is no dedicated recruitment channel for the sector. What is more, the matching service that recruitment agencies often use to identify suitable individuals for vacancies does not appear to be appropriately tailored to the sector. As a result, businesses often rely on more informal mechanisms for recruitment, such as word of mouth.
- **Lack of suitable education and training opportunities:** Finally, for most sub-sectors of the fashion and textiles industry, consultees felt that the education and training provision was not fully meeting the skills needs of the businesses within the sector. As a result, businesses are finding it very difficult to recruit staff that meet all of their skills requirements (this issue is discussed further both later in this chapter and in the following chapter).

## 4.4 Skills Shortages

Skills shortages are defined as those vacancies that are proving hard-to-fill because of a shortage of candidates with the required skills, qualifications or experience in the labour market. The Fashion and Textiles Survey of Employers 2008 highlights that **59% of businesses believed they would experience skills shortages when looking to recruit**<sup>53</sup>.

### 4.4.1 Skills shortages by geography

**Skills shortages identified by employers are particularly prevalent in Northern Ireland, East of England, Scotland and the South West**, whereas businesses in London and the

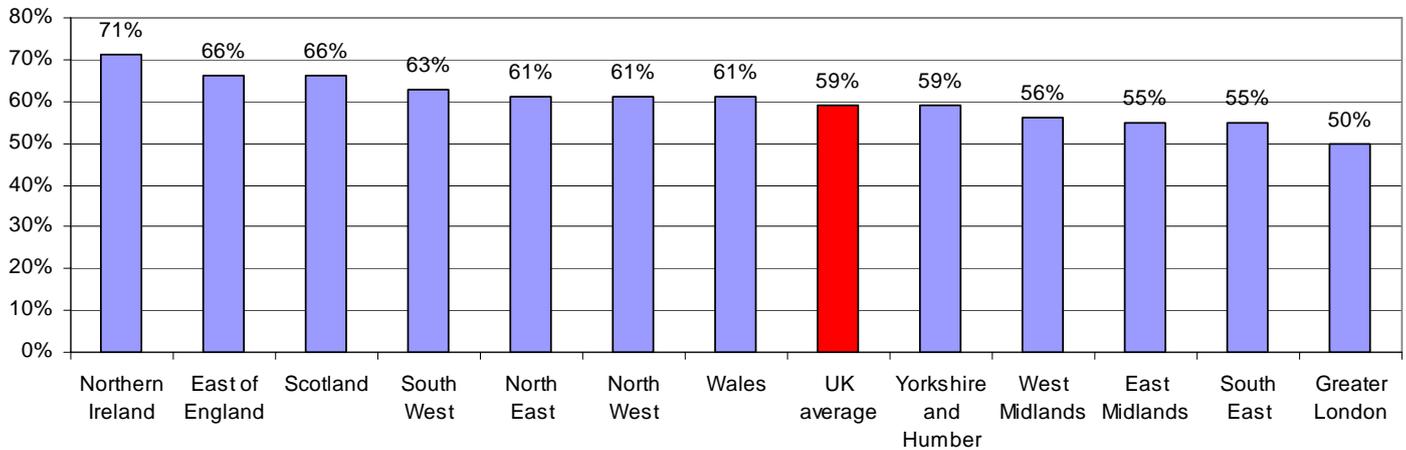
<sup>51</sup> Generation F, Skillfast-UK 2009

<sup>52</sup> Apprenticeship: a key route to skill, 2007, Authority of the Lords

<sup>53</sup> NESS, 2009

South East of England are less likely to identify skills shortages. The incidence of skills shortages in Wales broadly reflects the situation in the rest of the UK.

**Figure 4.4 Skills shortages by geography**



Source: Fashion and Textiles Survey of Employers, 2008

#### 4.4.2 Skills shortages by sub-sector

The following graph shows that the **employers in the footwear and leather sub-sector are most likely to have skills shortages**, whereas the textiles sub-sector is the least likely to have skills shortages. Evidence from each of the four nations shows that the situation in Scotland and England mirror that of the UK but in Wales and Northern Ireland, employers in apparel and sewn products are more likely to have skills shortages, with 69% and 76% respectively identifying gaps. In addition, over two thirds of design companies in Wales identified skills shortages in their workforce compared with 54% for the UK, 52% in England and 58% in Northern Ireland.

**Figure 4.5 Skills shortages by sub-sector**



Source: Fashion and Textiles Employer Survey, 2008

#### 4.4.3 Skills shortages by occupation

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

**Table 4.3 Skills shortages by occupation levels**

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

Source: Fashion and Textiles Employer Survey, 2008

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

#### 4.4.4 Skills shortages by job role

Table 4.4 below, which is based on information gathered through the 2008 Fashion and Textiles Employers survey, shows that the various specific occupations within the footwear and leather sub-sector ranked highest across the whole fashion and textiles sector in terms of the incidence of technical shortages. In particular, the data points towards a high level of skills shortages in leather processing, footwear manufacture, leather technology roles, leather goods manufacture, footwear technology, and shoe repair.

**Table 4.4 Skills shortages by job role**

Role	Sector Coverage	Estimated number of businesses employing people in this role (UK)	Estimated number of people employed in role (UK)	% who said there is a shortage of skilled candidates (base includes "don't knows")
***Leather technology roles	Footwear & leather	454	1,640	78
***Footwear technology	Footwear & leather	366	1,060	76
***Footwear manufacturing operations	Footwear & leather	215	1,055	74
***Leather process operations	Footwear & leather	148	1,001	69
***Shoe repair roles	Footwear & leather	1,729	3,457	69
***Leather-goods manufacturing operations	Footwear & leather	337	2,163	67
Tailoring / handcraft garment making	Apparel & SP, Design	3,017	6,570	67

<b>Role</b>	<b>Sector Coverage</b>	<b>Estimated number of businesses employing people in this role (UK)</b>	<b>Estimated number of people employed in role (UK)</b>	<b>% who said there is a shortage of skilled candidates (base includes "don't knows")</b>
Pattern cutting and grading	Apparel & SP, Design	3,804	7,604	63
Garment alteration and repair	Apparel & SP, laundry & dry-cleaning	6,768	11,051	62
Sewn product operations	Apparel & SP, Design	9,309	43,007	60
Sampling	Apparel & SP, Design	2,903	7,727	55
Dry-cleaning operation	Laundry & dry-cleaning	4,693	12,372	54
Textile / fabric technology	Apparel & SP, Design, Textiles	2,787	24,016	54
Textile process operations	Textiles	895	17,910	54
Garment technology	Apparel & SP, Design	1826	4,363	52
Laundry / dry-cleaning maintenance engineering	Laundry & dry-cleaning	928	1,950	49
Production management	All subsectors	6,606	15,563	49
Design	Textiles, Apparel & SP, Footwear & leather, Design	9,036	19,545	47
Laundry operations	Laundry & dry-cleaning	3974	18,584	32
Supply chain management	All subsectors	5,862	16,056	31
<b>% yes for at least one role</b>				<b>59</b>

Source: Fashion and Textiles Employer Survey, 2008 (weighted base) Note: individuals may have been allocated to more than one category as part of the survey process, reflecting multi-skilling of some roles. \*\*\*denotes small sample numbers so figures are for indicative purposes

The most prominent skills shortages across the four nations, as a percentage of skilled candidates, are highlighted in the following table. The data shows some similarities in respect of skills shortages, for example over 55% of businesses across all nations noted skills shortages in sewn products, pattern cutting and garment alterations. However, it also highlights some differences, for example skills shortages in design are more prevalent in Wales than the other nations, whereas England and Scotland have reported a greater proportion of skills shortages in the footwear and leather sub-sector.

**Table 4.5 Skills shortages by nations (as stated by 55% of businesses or more)**

England	Northern Ireland	Scotland	Wales
<ul style="list-style-type: none"> <li>- Leather and technology roles</li> <li>- Footwear technology</li> <li>- Footwear manufacturing operations</li> <li>- Leather process operations</li> <li>- Shoe repair roles</li> <li>- Leather goods manufacturing operations</li> <li>- Tailoring / hand-craft garment making</li> <li>- Pattern cutting and grading</li> <li>- Garment alteration and repair</li> <li>- Sewn product operations</li> <li>- Sampling</li> </ul>	<ul style="list-style-type: none"> <li>- Handcraft garment making</li> <li>- Leather goods manufacture</li> <li>- Shoe repair</li> <li>- Sampling role</li> <li>- Production management</li> <li>- Dry cleaning operations</li> <li>- Pattern cutting</li> <li>- Design</li> <li>- Garment alterations</li> <li>- Sewn products</li> </ul>	<ul style="list-style-type: none"> <li>- Sewn products</li> <li>- Production management</li> <li>- Garment alterations</li> <li>- Handcraft garment making</li> <li>- Pattern cutting</li> <li>- Textile and fabric technology</li> <li>- Dry cleaning operations</li> <li>- Shoe repair</li> <li>- Leather process</li> <li>- Leather technology</li> </ul>	<ul style="list-style-type: none"> <li>- Sampling</li> <li>- Textiles process</li> <li>- Garment technology</li> <li>- Design</li> <li>- Sewn products</li> <li>- Pattern cutting</li> <li>- Garment alterations</li> </ul>

Source: Fashion and Textiles Employer Survey, 2008

Consultations also emphasised a range of skills shortages, many of which support the findings of the employer survey. In broad terms, consultations across the four nations highlighted the same skills shortages, these are highlighted below.

- **A shortage of supervisors and production management staff**, particularly those that have comprehensive technical skills alongside good leadership skills.
- **A shortage of technicians and fabric technologists** was identified. These skills were identified as being important to all aspects of the sector but particularly the technical textiles and leather sub-sectors.
- In the apparel and sewn products sub-sector, there is a shortage of pattern cutters and graders, knitwear linkers, hand-tailors, sewers, and weavers.
- Within the footwear and leather sub-sector, consultees emphasised **a shortage in technical individuals capable of providing the interface between the creative design and production of shoes**. In particular, there was concern that skills for traditional shoe production were being lost.
- **Engineers**, for machine maintenance and operation, are also in short supply across all sub-sector but particularly laundry and dry-cleaning.
- Cutting across the whole sector, businesses identified that it was difficult to recruit **supply chain managers**.
- **Dyers and screen printers** were also reported to be in short supply, particularly in Scotland.

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

## 4.5 Skills Gaps

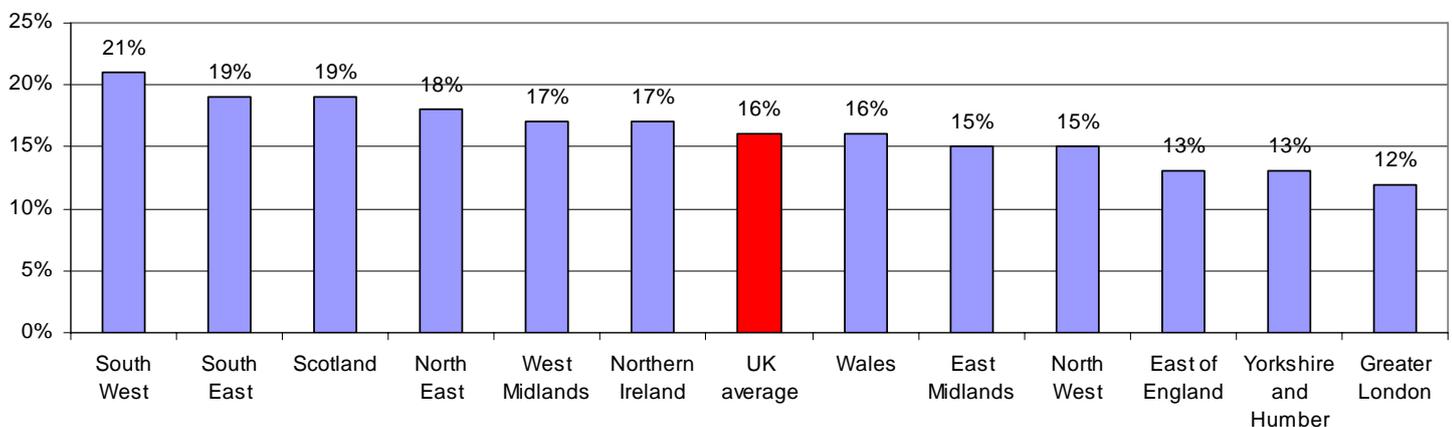
Skills gaps are skills deficiencies identified by employers within their existing workforce. Data highlights that **16% of establishments and 6% of employees in the fashion and textiles sector suffer from a skills gaps**. This is compared to 19% and 7% respectively across all sectors in the UK. However, data from NESS 2009 identifies that these skills gaps have increased since 2007. Despite the economic climate that has seen staff numbers reduce and

shows that these problems are likely to become worse as more and more of the workforce reach retirement age.<sup>54</sup>

#### 4.5.1 Skills gaps by geography

Using figures from the Fashion and Textiles employer survey, in the UK, 16% of companies have identified skills gaps within the workforce which collaborates with the NESS 09 data. Analysis of the **skills gaps in the fashion and textiles industry by region shows that gaps are particularly prevalent in the South West (21%) and the South East and Scotland (19%)** but again far less prevalent in Greater London (12%). Northern Ireland and Wales sit one percentage point either side off the UK average of 16%.

**Figure 4.6 Skills gaps by geography**



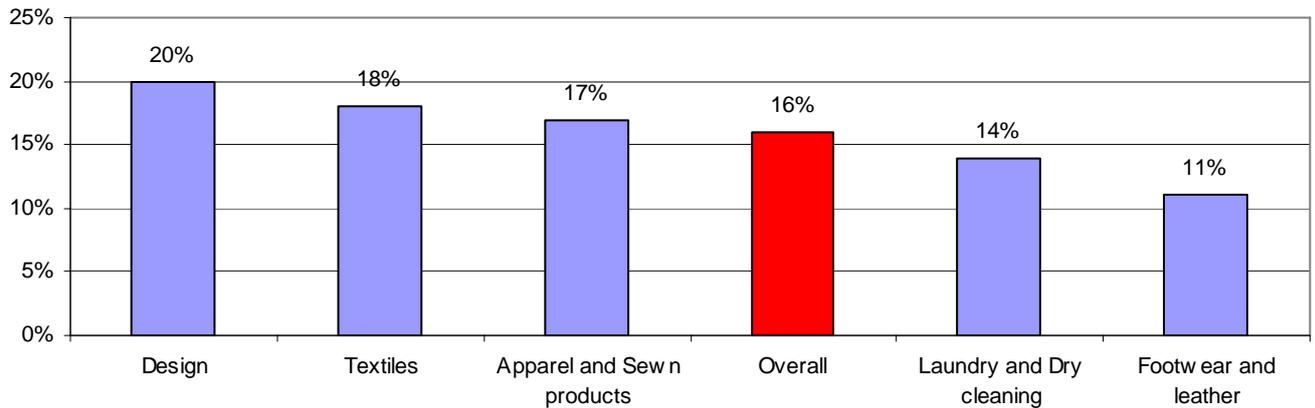
Source: Fashion and Textiles Survey of Employers 2008

#### 4.5.2 Skills gaps by sub-sector

The following graph shows that the employers in the design sub-sector (20%) is most likely to have skills gaps, whereas the footwear and leather sub-sector (11%) is the least likely to have skills gaps. This pattern was consistent across England (20% and 11% respectively) and Northern Ireland (24% and 9% respectively). However, in Scotland, after footwear and leather (16%), the design sub-sector had the second fewest skills gaps (17%) and its textiles sub-sector (21%) experienced the greatest proportion of skills gaps. In Wales the textiles sector (23%) was the most prominent skills gap area.

<sup>54</sup> NESS, 2009

**Figure 4.7 Skills gaps by sub-sector**



Source: Fashion and Textiles employer survey 2008

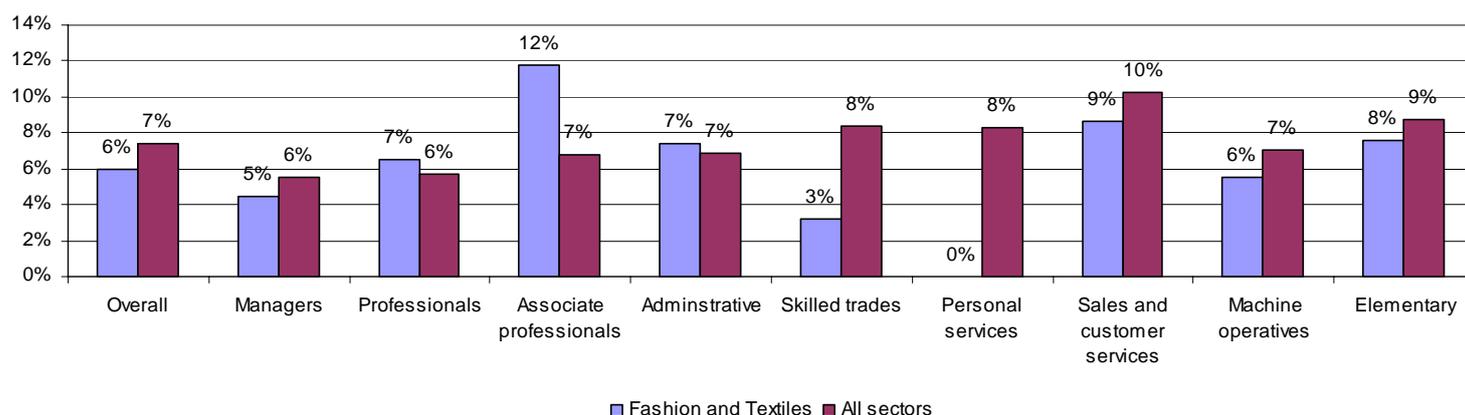
### **4.5.3 Skills gaps by occupation**

Data suggests that **skills gaps are most evident within the associate professional occupations in the fashion and textiles sector**. This was confirmed in Wales with 30% of employees at this level identifying skills gaps

**Across the UK, there is also a high incidence of skills gaps among sales and customer services occupations**. This was supported by consultations with Scottish businesses that identified a lack of highland dress knowledge among retailers (e.g. the manufacturing process and history).

In comparison, **skills gaps in the skilled trade occupations are much lower in the fashion and textiles sector**, when compared to all sectors in the UK which owes in great part to these trade skills being held by an experienced workforce. Only 1% of skilled trade occupations in Wales faced skills gaps.

**Figure 4.8 Skills gaps as a proportion of employees by occupation**



Source: NESS 2009

## 4.5.4 Generic skills gaps

### Management and leadership skills gaps

Although a range of generic skills gaps were highlighted, through secondary literature, quantitative data and stakeholder consultations, management and leadership skills were considered to be key to the successful future of the sector. NESS 2009 highlights how upskilling managers was a key consideration for employers in all sub-sector.<sup>55</sup> However, data from NESS highlighted that **over a quarter of businesses experience gaps in management skills**. What is more, nearly half of fashion and textiles businesses in the UK and all four nations identified improving management leadership and supervisory skills as a key priority<sup>56</sup>. The Fashion and Textiles Survey for Northern Ireland also found that over half of businesses identified improving management and leadership skills as a priority but consultations as part of the development of this SSA found that many businesses felt they had suitable leadership and management skills.

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

<sup>55</sup> NESS 2009. See Annex A5.

<sup>56</sup> Fashion and Textiles Survey of Employers 2008

The consultations and secondary research<sup>57</sup> highlight a number of reasons as to why there may be gaps in management and leadership skills. Consultees often noted that many businesses were 'stuck in their ways'. This collaborates with the research conducted by the Work Foundation that highlighted that firms who are more likely to have undertaken skills utilisation measures are more likely to be younger firms open to new management techniques<sup>58</sup>. They also emphasised that it is common for individuals in the sector to progress from a textiles production background into management without any formal management training to support this transition. In addition, fashion businesses can start up and move very quickly without time to develop sufficient business skills.

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

### **Measuring management practices**

Research<sup>59</sup> conducted in 2008 developed a mechanism for measuring management practices, where one is the worst practice and five is the best practice. The research found that the United States has the highest management practice scores on average, followed by Germany, Japan, Sweden, and Canada and then followed by a block of mid-European countries—France, Italy, Ireland, the United Kingdom, and Poland. At the bottom are countries in southern Europe like Greece and Portugal, along with developing countries like Brazil, China, and India.

However, although US firms score particularly highly for people management, Germany, Japan and Sweden, closely followed by the UK, Italy and France do better in shop floor operations. A range of key manufacturing practices are identified and of these, on average, the UK's strongest area of its management is in respect of performance tracking, however it still falls

<sup>57</sup> Why do management practices differ across firms and countries?, 2010, Nicholas Bloom and John Van Reenen (in Journal of Economic Perspectives, volume 24) and The Value of the UK Fashion Industry, 2010, British Fashion Council

<sup>58</sup> People and the Bottom Line, 2008, P Tamkin, M Cowling, W Hunt

<sup>59</sup> Management practice and productivity: Why they matter, 2007, Centre for Economic Performance and McKinsey & Company

below France, the US, Italy and Germany on this measure. In comparison, instilling a talent mindset and building a high performance culture are the aspects that the UK performed most poorly on, which is also the case for Italy.

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

For a full introduction to the 18 measures, please refer to Annex A9

What is clear, however, is that changes in management practices lead to significant improvements in performance in terms of productivity, profitability, growth rates, survival rates and market value, and the reason firms most frequently suggested for not introducing these practices was simply "lack of awareness" of these<sup>60</sup>.

### **Other generic skills gaps**

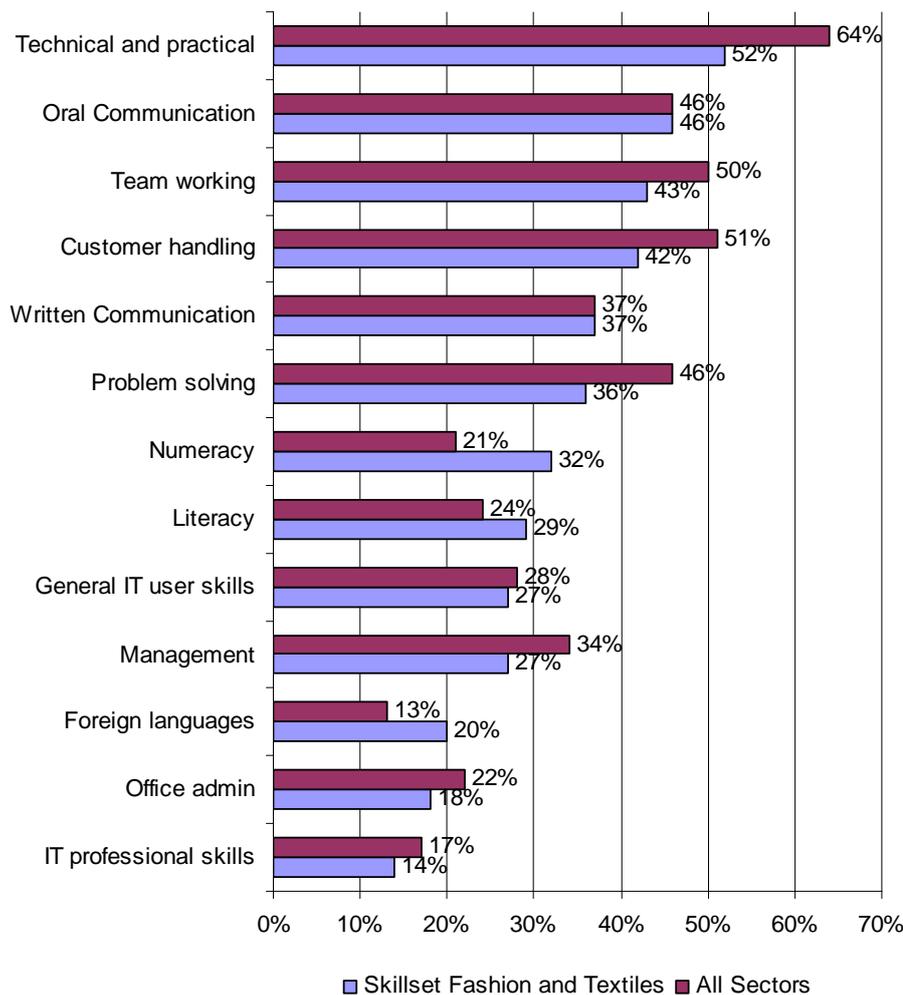
Data from NESS 2009, supported by consultations, also highlighted the following skills gaps, which were consistent across the four nations.

- **Over half of employers in the fashion and textiles industry in England identified technical and practical skills gaps.** This is slightly lower than the all sector figure. Findings from the consultations also supported this, with many consultees stating that individuals coming out of education or training lacked practical knowledge of the sector. In addition, there was concern that an increasing number of young people did not have the technical skills required to understand the performance of different fabrics.
- Over half of English employers in the fashion and textiles industry noted gaps in customer handling skills, which is slightly higher than the all sector average for England.
- **Skills gaps in oral and written communication in the fashion and textiles industry are recognised by over a third of businesses,** which is on a par with the all sector average for the England. However, in Scotland, over one half of businesses identified skills gaps in oral and written communication. Such competencies were considered to be essential for individuals working across all elements of the sector.

<sup>60</sup> Why do management practices differ across firms and countries?, 2010, Nicholas Bloom and John Van Reenen (in Journal of Economic Perspectives, volume 24)

- **Over a third of businesses in England, and over half of businesses in Scotland, identified gaps in problem solving skills.** Consultations highlighted that this was particularly evident among designers, for example in terms of being able to design an innovative product and overcome the problems associated with developing new production techniques.
- Numeracy and literacy gaps were also highlighted by over a fifth of businesses.

**Figure 4.9 Skills gaps by competency area**



Source: NESS 2009.

#### 4.5.5 Skills gaps by job role

The following table, which is based on information gathered through the 2008 Fashion and Textiles Employers survey shows that, textile process operations, together with the various

specific occupations within the leather sub-sector, ranked highest across the whole fashion and textiles sector in terms of the incidence of technical skills gaps. In particular, the data points towards a high level of skills gaps in leather goods manufacturing and leather technology roles.

**Table 4.6 Skills gaps by job role in the UK**

<b>Role</b>	<b>Coverage</b>	<b>Estimated number of businesses employing people in this role (UK)</b>	<b>Estimated number of people employed in role (UK)</b>	<b>% who said existing staff need to improve / broaden skills (base includes "don't knows")</b>
Textile process operations	Textiles	895	17,910	28
***Leather-goods manufacturing operations	Footwear & leather	337	2,163	27
***Leather technology roles	Footwear & leather	454	1,640	23
Design	Textiles, Apparel & SP, Footwear & leather, Design	9,036	19,545	17
Laundry / dry-cleaning maintenance engineering	Laundry & dry-cleaning	928	1,950	17
Pattern cutting and grading	Apparel & SP, Design	3,804	7,604	17
Production management	All subsectors	6,606	15,563	17
***Footwear manufacturing operations	Footwear & leather	215	1,055	16
Sampling	Apparel & SP, Design	2,903	7,727	15
Supply chain management	All subsectors	5,862	16,056	15
Textile / fabric technology	Apparel & SP, Design, Textiles	2,787	24,016	15
Tailoring / handcraft	Apparel & SP, Design	3,017	6,570	14

<b>Role</b>	<b>Coverage</b>	<b>Estimated number of businesses employing people in this role (UK)</b>	<b>Estimated number of people employed in role (UK)</b>	<b>% who said existing staff need to improve / broaden skills (base includes "don't knows")</b>
garment making				
Dry-cleaning operation	Laundry & dry-cleaning	4,693	12,372	13
***Footwear technology	Footwear & leather	366	1,060	12
Garment technology	Apparel & SP, Design	1826	4,363	12
Sewn product operations	Apparel & SP, Design	9,309	43,007	10
Laundry operations	Laundry & dry-cleaning	3974	18,584	9
***Leather process operations	Footwear & leather	148	1,001	8
Garment alteration and repair	Apparel & SP, laundry & dry-cleaning	6,768	11,051	6
***Shoe repair roles	Footwear & leather	1,729	3,457	4
<b>% yes for at least one role</b>				<b>16</b>

Source: Fashion and Textiles Employer Survey, 2008 (weighted base) Note: individuals may have been allocated to more than one category as part of the survey process, reflecting multi-skilling of some roles. \*\*\*denotes small sample numbers so figures are for indicative purposes

The most prominent skills gaps across the four nations, as a percentage of skilled candidates, are highlighted in the following table. Over 15% of businesses across all four nations identified skills gaps in textile process, laundry maintenance, production management and pattern cutting.

**Table 4.7 Skills gaps by nations (as stated by over 15% of businesses)**

England	Northern Ireland	Scotland	Wales
<ul style="list-style-type: none"> <li>- Textiles process operations</li> <li>- Leather good manufacturing operations</li> <li>- Leather technology roles</li> <li>- Design Laundry / dry cleaning maintenance engineering</li> <li>- Pattern cutting and grading</li> <li>- Production management</li> <li>- Footwear manufacturing operations</li> </ul>	<ul style="list-style-type: none"> <li>- Production management</li> <li>- Design</li> <li>- Sewn products</li> <li>- Supply chain management</li> <li>- Pattern cutting</li> <li>- Handcraft garment making</li> <li>- Sampling role</li> <li>- Leather technology</li> <li>- Textile process</li> </ul>	<ul style="list-style-type: none"> <li>- Laundry maintenance</li> <li>- Textiles process</li> <li>- Footwear technology</li> <li>- Production management</li> <li>- Pattern cutting</li> <li>- Textile and fabric technology</li> <li>- Design</li> <li>- Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>- Laundry maintenance</li> <li>- Textile process</li> <li>- Pattern cutting</li> <li>- Sampling</li> <li>- Leather goods manufacture</li> <li>- Production management</li> <li>- Handcraft garment making</li> <li>- Textile and fabric technology</li> </ul>

Consultations highlighted that there is an increasing need for individuals in the sector to understand the different elements of the industry and to be able to multi-skill. With this in mind, **gaps in fabric technology skills were identified across most sub-sectors**. In the footwear and leather sector, the fashion and textiles employer survey identified **gaps in footwear manufacturing, leather goods manufacture and shoe repair**. In the apparel and sewn products sub-sector, the survey identified **gaps in pattern cutting, sampling and tailoring skills**. These gaps were also identified through the consultations. Consultees **in the laundry and dry-cleaning sector also noted gaps in engineering skills, plus stain removal and garment finishing**.

Research suggests that the UK is renowned as the birthplace of some of the worlds most creative and innovative fashion design labels<sup>61</sup>, which was also recognised by consultees.

<sup>61</sup> The UK designer fashion economy, 2008, Centre for Fashion Enterprise and NESTA

However the design forum highlighted that there were also a number of sector-specific skills gaps evident among designers. These can be summarised as follows:

- There is a concern that the **traditional craft skills**, such as pattern cutting, are being lost as technology plays a greater role in designers' work. This is particularly evident within the high-end, luxury markets.
- In a similar vein, there is also a view that **many designers lack sufficient understanding of fabric properties and the raw materials**, which is partly the result of technological advances. Notwithstanding this, consultees also felt that the **IT, programming and technological skills among designers could be improved**.
- There is also concern that there are **insufficient production management skills and a lack of understanding between designers and manufacturers**. This is supported by findings from the design forum and research into the UK Designer Fashion Economy, which noted that designers and manufacturers have mismatched expectations and don't understand each others' business operations. In particular, it identified tensions in respect of on-time delivery, quality, costs, lack of specialist skills and lack of investment in technology<sup>62</sup>.

36% of employers who participated in the Fashion and Textiles Employer Survey 2008 within the productive sub-sectors cited they employed a designer within their organisation. However, 58% say that recent design graduates lack the necessary technical skills for a job in the sector, whilst 65% lack the required commercial awareness.

## 4.6 Addressing Skills Needs

NESS data for 2009 identifies a number of ways that businesses are taking to overcome hard to fill vacancies. Most commonly, they are using new recruitment methods of channels (31% of businesses), followed by increasing advertising and recruitment spend (28%). However, **over a fifth of businesses stated that they were doing nothing to overcome hard to fill vacancies**.

Going forward, one of the key drivers of skills needs is the ageing workforce that characterises the fashion and textiles sector. There is **significant concern that as individuals retire from the workforce, certain skills will be lost**. Consultations highlighted that businesses are very aware of this issue and nearly half of UK, England and Scotland businesses and over one half

<sup>62</sup> The UK designer fashion economy, 2008, Centre for Fashion Enterprise and NESTA

of Northern Ireland and Wales business recognised that recruiting and retaining young people to replace workers who are nearing retirement is a key skills priority<sup>63</sup>. However, on the whole, **the level of succession planning is insufficient** and many businesses do not have plans in place to address their future skills needs. It was suggested that one of the main reasons for this is that many businesses have much shorter term strategies that focus on survival.

Notwithstanding this, some businesses are offering in-house training to multi-skill existing staff, which will go some way to addressing future skills gaps and shortages. Consultees also stated that businesses are still using migrant workers to address skills needs. This is supported by data from the Annual Population survey 2009, which shows that 16% of the fashion and textiles workforce in the UK are non-UK nationals. Whilst some consultees feel that the number of migrant workers in the UK's fashion and textiles sector is remaining high, others feel that the availability of migrant workers has declined as many have returned to or stayed in their home nations. This is evidenced from the latest data from the ONS that has shown a continued decline in migrant workforce numbers since the economic conditions began to decline. Consultees felt this is considered to be partly due to the economic recession and partly due to increasing opportunities and quality of life within their home nations.

<sup>63</sup> Fashion and Textiles Employer Survey 2008

## 5.0 Skills Supply

### 5.1 Introduction

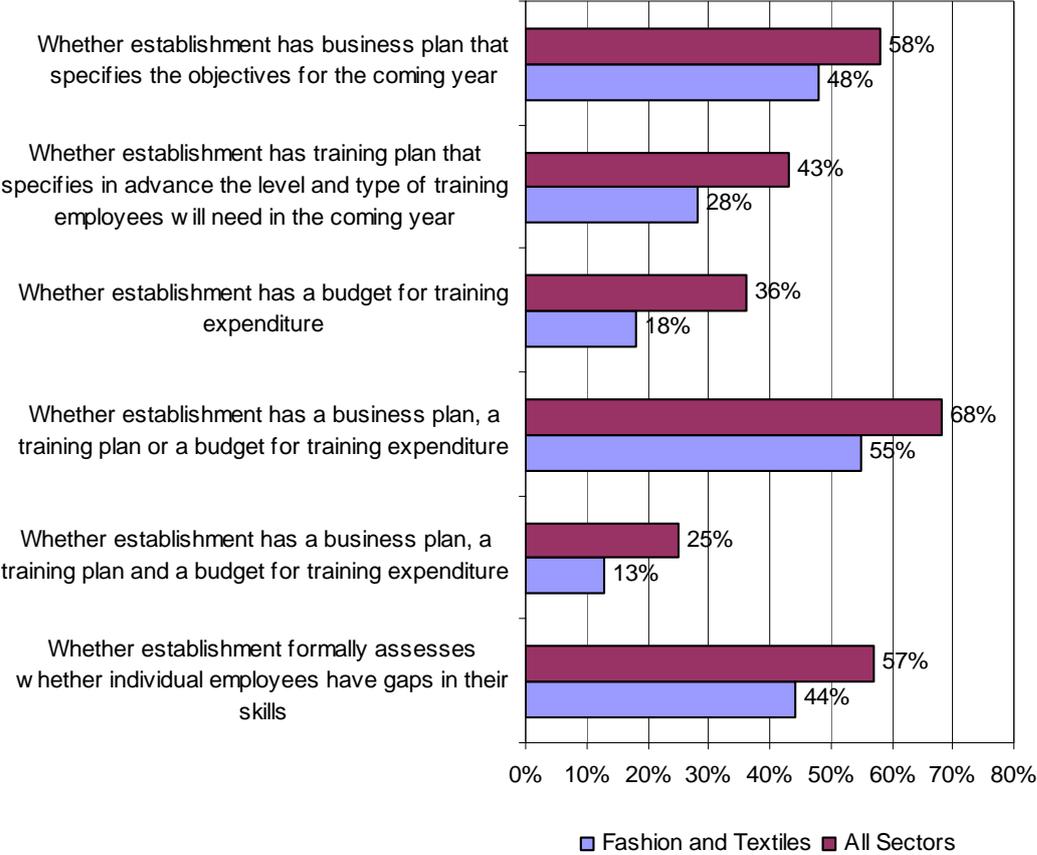
This section provides a brief assessment of the training provision for the fashion and textiles industry in the UK. In particular, it looks at how businesses identify their training needs, the extent to which training provision meets the needs of businesses in the sector and the barriers businesses face in accessing or providing training. It is important to note that this is not a comprehensive review of training provision; instead it is based on the views gathered through the consultations.

### 5.2 Identifying Training Needs

The following graph highlights that when compared to all sectors, **a lower proportion of businesses in the fashion and textiles sector have mechanisms in place to identify training needs**. For example, less than half of businesses in the sector have a business plan that specifies the objectives of the coming year or formally assess whether individual employees have gaps in their skills<sup>64</sup>. Consultees across all nations supported this finding. It is more common for larger businesses in the sector to have formal training plans and appraisals in place, however, some suggested that given the high proportion of micro-businesses in the sector, more informal mechanisms are just as appropriate in certain cases. Consultees also noted that many businesses in the sector seek training to respond to a specific problem or skills gap, rather than as part of a long term strategy. In addition, less than one fifth of businesses in the fashion and textiles sector, compared to over a third of businesses across all sectors in England, have a budget for training expenditure.

<sup>64</sup> NESS, 2009

**Figure 5.1 Assessing training needs**



Source: NESS, 2009

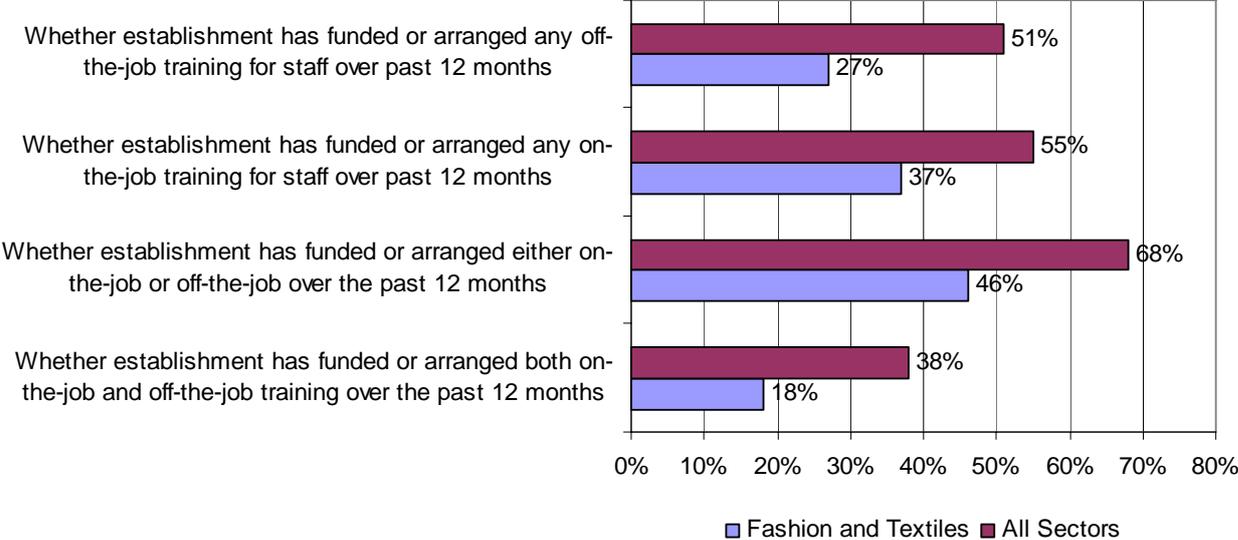
### 5.3 Training Provision

NESS data for 2009 highlights that businesses believe that the main causes of a lack of proficiency among employees in the fashion and textiles sector are a lack of experience of those being recently recruited (72%), followed by a failure to train and develop staff (25%). Supporting this, the following graph highlights that, when compared to all sectors in the UK businesses in the fashion and textiles sector are less likely to have funded or arranged any off-the-job or on-the-job training for staff over the past 12 months. This trend was also evident in England and in particular, employers within the West Midlands and London were the least likely to have funded or arranged any training. Training and development in the fashion and textiles sector in Northern Ireland, Scotland and Wales also tended to be less prevalent than other sectors. Just over one fifth (21%) of fashion and textiles employers in Northern Ireland provided off-the-job training, which was lower than the UK average, whereas in Wales, just over

a quarter (26%) of businesses provided off-the job training in the previous 12 months. In comparison, over one half (58%) of businesses in Northern Ireland had provided on-the-job training in the previous 12 months whereas only one quarter of businesses in Scotland had provided on-the-job training.

Further analysis of NESS also reveals that managers and senior officials (52%) and sales and customer care workers (31%) were the staff most likely to receive training. Least likely to receive training were professional (2%) and associate professional (6%) occupations.

**Figure 5.2 Training provision for staff**



Source: NESS, 2009

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

**5.3.1 Availability**

Clusters of fashion and textiles businesses enable economies of scale to be exploited in terms of training. There are still a number of clusters in England, for example data shows that London, followed by the South East and the North West are home to the greatest numbers of fashion and textiles businesses. Consultees also supported this data, highlighting that there is a cluster of technical textiles companies in the North West and London remains an important fashion centre. In addition, consultees identified that there is a cluster of saddler businesses in Walsall. In Scotland, there is a notable cluster of businesses in the Scottish Borders.

Notwithstanding this, in general, consultees feel that the decline of the fashion and textiles industry has led to a dilution of fashion and textiles clusters across the UK and as a result, they frequently highlighted that the fashion and textiles training sector **suffers from a virtuous circle of insufficient demand for courses and insufficient courses being delivered**. In Northern Ireland, employers felt that there was perhaps not enough relevant training courses available and many had to travel to England for training opportunities. For example, the laundry and dry-cleaning sub-sector does not have a training provider in Northern Ireland and therefore is still a relatively under-qualified sub-sector. In a similar vein, businesses located on the Scottish Islands often have to travel to the mainland, and sometimes even as far as the Scottish Lowlands or England, for external training opportunities.

However, the one area of difference is design, with the British Fashion Council<sup>65</sup> noting that **the UK is distinguished by the strength of the fashion education system**, which offers world-class support in nurturing the creativity of would-be designers with recent research by Skillset identifying almost 90,000 people in Fashion and Textiles degree level courses, mainly within fashion design. In addition, respondents from the leather sub-sector were confident that there was sufficient training provision for businesses operating in their field. However, with the exception of these, consultees held the view that **the provision of education and training for the fashion and textiles sector is insufficient**.

### 5.3.2 Content

There is an ongoing need for accredited courses and wherever possible, some form of consistency across the fashion and textiles sector in terms of standards. Many businesses in the fashion and textiles sector were also concerned that qualifications available to the fashion and textiles industry were not always appropriate to their company's needs.

However, there are still gaps in the content of fashion and textiles courses. Consultees often highlighted that people coming out of fashion and textiles education and training do not have the full set of skills required by businesses. Most commonly individuals felt that **fashion and textiles courses had a lack of entrepreneurial training**. This is also emphasised by a view that the number of visiting lecturers, who would typically provide industry knowledge, has declined. Designers that attended the design forum also felt that students lacked business knowledge, with strong feelings that as a result of not sufficiently building commercial knowledge and understanding into education and training, students were often not fully prepared for industry. This is supported by research commissioned by the Crafts Council, which

<sup>65</sup> The Value of the UK Fashion Industry, 2010, British Fashion Council

explored the early careers of more than 600 graduates in crafts subjects<sup>66</sup>. It found that only half felt prepared for the world of work on leaving their courses and that work experience established at university was an essential career facilitator.

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

However, despite a demand for technologically based skills among businesses in the sector, the number of textile technology programmes and the number of enrolments onto these courses is in decline, whereas there is an over abundance of design degree programmes<sup>67</sup>. This was also supported by the fashion and textiles employer survey 2008, which noted one of the key skills priorities identified by over a third of employers was to find colleges or training providers that can deliver relevant training in technical skills. This priority was identified by 48% of Northern Irish employers, 44% of Scottish employers and 41% of Welsh employers.

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

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

As a result of the gaps in education and training provision identified above, **employers across all nations are frequently having to invest in on-the-job and in-house training** in order to ensure that individuals are better prepared to undertake their role. Similarly consultees suggest that there is an increased need for individuals to attend short courses and undertake continuing professional development. This was also emphasised through the NESS data, which showed that only 37% of businesses had arranged or funded on-the-job training for staff in the previous 12 months.

<sup>66</sup> Crafting Futures: A study of the early careers of crafts graduates from UK higher education, 2010, Crafts Council

<sup>67</sup> Fashioning our future: Education in fashion and textiles in the UK, Textiles Institute

When considering how the UK's training provision compared to other countries, anecdotal evidence suggests that training and education courses for the fashion industry in India have a better balance between fashion, design and textiles elements. In addition, another consultee suggested that students in China learn from practice, whether through masters of trade or through techniques applied by other countries, including the UK. As a result, they have built up a professional design sector very quickly. In comparison, the sector in the UK encourages students to develop their own, new and innovative processes and products. Arguably, there is a need to strike a balance between these two approaches to learning.

### 5.3.3 Delivery mechanisms

The delivery mechanisms adopted for training in the fashion and textiles sector is a key factor influencing the effectiveness of provision. In some cases, individuals felt that the training was there but that there was a need to package it better to improve access. **The strengths and weaknesses of on-site, off-site and online training were often discussed, resulting in mixed views.** Consultations highlighted that delivering on-site training can be beneficial to businesses as employees do not need to spend long periods of time away from the business, however individuals often find that they are not able to dedicate their time entirely to training and instead try to engage in the day-to-day issues of the business at the same time. In addition, businesses in Northern Ireland suggested that many did not have sufficient resources to undertake in-house training. This was also echoed by consultees in Scotland who were concerned that in some cases, insufficient time was invested in ensuring that in-house training materials were up-to-date, particularly in light of changing legislation and technology. In light of these observations, 42% of UK fashion and textiles businesses identified that improving the quality of their in-house training through the development of in-house coaches was a key skills priority. Across the four nations, 51% of Northern Irish businesses, 42% of Scottish and English businesses and 43% of Welsh businesses identified this as a priority.

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

In particular, **consultees from all nations frequently cited the importance of practical experience and as a result were very supportive of apprenticeship schemes.** However, there is a perception that uptake of these has declined. What is more, there is little financial support or incentives for businesses wishing to take on an apprentice and increased workforce

mobility can make these schemes less attractive to businesses. On the other-hand, Italy and Germany, as examples, have very vocational training systems.

### **Apprenticeships in England and Germany**

Employer numbers offering apprenticeships are low by international standards (8%). A lack of information about apprenticeships keeps demand for places relatively low; just under a quarter of 17 year olds talked to someone about apprenticeships after Year 11. Nevertheless, the supply of young people still exceeds demand from employers for apprentices. Although completion rates have improved, progression to higher qualification levels is poor. In addition, the administration of government funding for apprenticeship training lacks transparency, which can deter employers and financial incentives available in most other countries are not normally available in England.

Specific to the fashion and textiles sector, NESS data suggests that only 3% of businesses offer apprenticeships and only 2% of businesses currently have staff undertaking an apprenticeship scheme. What is more, nearly half of businesses in the sector have no awareness of the schemes.

In comparison, apprenticeship in Germany is the route to work and further career development for nearly two-thirds of all young people. Information and guidance on choosing apprenticeship is well-established in schools and in careers advice centres and since 1990 and a proportion of apprenticeship places have been supported by federal and regional funding. Completion rates are good and additional courses provide access from apprenticeship to university. In addition, employer commitment and involvement is high<sup>68</sup>.

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

<sup>68</sup> The State of Apprenticeship in 2010: International Comparisons, Centre for Economic Performance

## 5.4 Barriers

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

- **Cost:** As highlighted earlier in this chapter, businesses in the fashion and textiles sector, when compared to the average across all sectors, are less likely to have funded training for staff. The cost of training, particularly in light of government funding cuts, is a key barrier for many businesses. Supporting this, NESS data found that 52% of businesses identified a lack of funding as a key barrier to training. Increasingly, pressures on funding for adult learning and continuing professional development programmes, will undoubtedly lead to requests for greater investment from industry and employers. In addition, the costs associated with allowing staff to spend time away from their day-to-day role often prevent businesses from undertaking more training. This has been heightened as businesses reduce the size of their workforces.
- **Time:** Finding the time for individuals to spend time away from their day-to-day activities is often a barrier for businesses wishing to invest in training. This is supported by NESS data which found that just less than one half (49%) of businesses are unable to spare staff time to have them away on training. In Wales, 39% of businesses identified time constraints as a key barrier. It is important to note that these barriers can be present for trainees and trainers alike, for example if a business' member of staff is required to deliver the training.
- **Availability of suitable training provision:** As covered in the section above, a lack of suitable training provision creates a significant barrier to businesses seeking to access training. What is more, this is likely to be accentuated by insufficient government funding to support training and education in the sector.
- **Location of suitable training provision:** The decline of the fashion and textiles industry has led to a dilution of business clusters and as a result the critical mass to support training provision is not always present. As a result, there is a virtuous circle of insufficient demand for courses and insufficient courses being delivered. The location of training provision was particularly identified as a barrier for businesses in Northern Ireland and the Scottish Highlands and Islands.
- **Awareness of training:** Consultees highlighted that some employees, particularly the older workforce, did not appreciate the need for training. In addition, some companies within the fashion and textiles industry do not recognise the importance of and need for accredited training. As an example, representatives from the laundry and dry-cleaning

sub-sector believe that there is still some way to go to encourage businesses to acknowledge the importance of training. Moreover, the Future Skills Wales survey found that despite the skills gaps acknowledged earlier in this report, 94% of businesses in the fashion and textiles industry in Wales did not provide off-the-job training because they felt that their staff had sufficient skills to do their job. Another theme from the consultations within England and Wales was that there was also a perceived lack of awareness of apprenticeship schemes.

# 6.0 Anticipating What Lies Ahead

## 6.1 Introduction

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

## 6.2 Growth Potential

### 6.2.1 Opportunities

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

**Table 6.1 Opportunities facing the fashion and textiles sector**

Opportunities facing the fashion and textiles sector
Niche, high quality markets (e.g. technical textiles, cashmere).
Understanding customers and service quality.
Collaborations.
Overseas markets and export sales.
Outsourcing.
Currency fluctuations.
E-commerce opportunities.
Raising awareness and the attractiveness of the sector (incl. promotion of higher-skilled opportunities).
Marketing and brand awareness (e.g. the British brand and Irish linen brand image and 'Made in Scotland' labelling).

## **Opportunities facing the fashion and textiles sector**

Sustainability agenda, including environmentally friendly and ethical production.

Technological advances.

The role of Skillset.

Source: Consultations and literature

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

<b>Opportunity</b>	<b>Design</b>	<b>Textiles and technical textiles</b>	<b>Apparel and sewn products</b>	<b>Footwear and leather</b>	<b>Laundry and dry-cleaning</b>
<b>Product markets</b>	Diversify ranges.	HT filament weaving; glass, carbon weaving; and nonwovens.  New growth markets in transport textiles, medical textiles, performance clothing and geo-textiles <sup>69</sup> .  Develop new fabric designs, utilise specialist, high quality fabrics and yarns.	Diversify product and market areas  Rise of costume makers in response to emerging film industry in Northern Ireland.	Enter new product markets, such as leathers for the transport sector.  Use additional materials, such as elk and deer, for high fashion market.	Diversify into new market segments such as linen rental, suede/leather, restoration work, business to business/contract work, collection/delivery, laundry service, shirts service.  Growth in healthcare laundering.
<b>Geographical markets</b>	Tap into new overseas markets, e.g. former Soviet Union.	Increase presence in export markets, including developing countries such as China and India but also Europe.	Exploit export opportunities, including the opening up of markets in developing world.	Grow export sales, including to non-traditional markets such as China, Korea, Russia and Australia.	
<b>Processes</b>	Develop more efficient supply chain management and collaboration.	Exploit technological advances such as 3D weaving, plasma, digital and nano to develop new products	Improve linkages between companies and the designer skills base.	Improve margins through offshore sourcing.  Exploit new leather	Exploit economies of scale, i.e. larger companies.  Invest in new

<sup>69</sup> The current position of technical textiles in the UK, Byrne (Innovation and Materials KTN)

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

Source: Consultations and literature

## 6.2.2 Threats

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

**Table 6.3 Threats facing the fashion and textiles sector**

Threats facing the fashion and textiles sector
Ageing workforce and associated skills gaps and shortages.
Availability and cost of suitable training provision.
Image of the sector.
Decline of manufacturing sector and associated loss of skills and infrastructure.
Rapidly changing consumer preferences.
Technological changes.
Sustainability and environmental concerns and legislations.
Regulatory burdens and costs, e.g. employment law, health and safety.
Overseas competition, including cheap labour and imitations of the 'British style'.
Cost and accessibility of raw materials.
Rising overheads and downward pressure on retail prices, resulting in pressures on margins.
Currency fluctuations.
Economic downturn, resulting in lower consumer spending and difficulties accessing finance.
Public funding pressures, for example a rise in VAT and a lack of funding support for the sector.

Source: Consultations and literature

**Table 6.4 Threats facing the fashion and textiles sub-sectors in the UK**

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

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

Source: Consultations and literature

## 6.3 Future Skills Priorities

Findings from NESS are reinforced by the findings of the Fashion and Textiles Employer Survey. It found that skills priorities among UK employers included recruiting and retaining young people to replace workers who were nearing retirement, improving sales and marketing skills, including the skills needed for international trading and improving management leadership and supervisory skills.

Broken down by sub-sector, the most important skill priority for businesses in the apparel and sewn products, design and textiles sub-sectors was improving sales and marketing skills, in the footwear and leather sub-sector it was retaining and recruiting able young workers and improving basic skills, whereas the laundry and dry cleaning sub-sector prioritised improvements to management leadership and supervisory skills.

**Table 6.5 Skills priorities by sub-sector (% saying important or very important)**

	Total	Apparel & Sewn Products	Design	Footwear & Leather	Laundry & Dry Cleaning	Textiles
Recruiting and retaining able young people to replace workers who are nearing retirement	48%	45%	41%	51%	52%	58%
Improving sales and marketing skills, including the skills needed for international trading	48%	51%	58%	41%	40%	65%
Improving numeracy literacy and other basic skills	48%	45%	41%	51%	52%	58%
Improving management leadership and supervisory skills	47%	43%	54%	44%	53%	61%
Improving the quality of in-house training, eg through development of in-house coaches	42%	38%	47%	44%	51%	47%
Finding colleges and or training providers that can deliver relevant training in technical skills	39%	38%	54%	42%	32%	51%
Finding graduates with the right practical and commercial skills and knowledge	27%	30%	52%	24%	16%	34%
Implementing new productivity techniques such as lean manufacturing approaches	24%	25%	29%	17%	21%	37%

	Total	Apparel & Sewn Products	Design	Footwear & Leather	Laundry & Dry Cleaning	Textiles
Attracting science and technology graduates who can help to develop new products and processes	16%	15%	23%	12%	14%	23%
Bringing in and training migrant workers from Eastern Europe and elsewhere	11%	9%	10%	10%	17%	11%

Source: Skillfast-UK survey of employers 2008 weighted base

## 6.4 Future Skills Needs

In light of the opportunities and threats identified, the following table sets out the reasons why employers expect their employees to acquire new skills or knowledge in the next 12 months.

**New products or services and new technologies and equipment were the most common reasons.**

**Table 6.6 Reasons why employees need new skills or knowledge in the next 12 months**

Reasons	Proportion of fashion and textiles businesses
Any need identified	53%
New products or services	31%
New technologies or equipment	30%
Increased competitive pressure	29%
New working practices	28%
New legislation / regulatory requirements	27%

Source: NESS, 2009

### 6.4.1 Generic skills

Data from NESS identified that **over half of UK businesses felt that technical, practical or job-specific skills need to be updated in the next 12 months. Customer handling, IT and problem solving skills were also identified** as needing to be updated in the next 12 months.

**Table 6.7 Skills that require updating in the next 12 months**

Type of skill required	% of fashion and textiles businesses
Technical, practical or job-specific skills	54%
Customer handling skills	42%
General IT user skills	41%
Problem solving skills	40%
Team working skills	38%
Management skills	38%
Communication skills	34%
Oral communication skills	29%
Office admin skills	27%
IT professional skills	25%
Written communication skills	22%
Numeracy skills	17%
Foreign language skills	16%
Literacy skills	15%

Source: National Employer Skills Survey 2009

Building on the data above, consultations identified the following generic skills as being particularly important for the fashion and textiles sector in the future:

- **Supply chain management skills** are becoming more important as the fashion and textiles sector becomes a much more global industry.
- **Customer handling skills** are going to be important as suppliers move into direct supply.
- **Foreign language skills** were seen to be increasingly important for businesses if they are to successfully operate in a global market-place and communicate directly with their supply chain, plus customers.
- **IT skills** will be vital to maximising the use of the internet as a mechanism for e-commerce and associated marketing. IT skills can also help individuals in the fashion and textiles sector work quicker and more efficiently, for example through Computer Aided Design (CAD).
- **Electronic / technological skills** will be essential as technology advances in terms of management, design and production systems. These skills will also be important if the sector is to invest in 'green technology'.
- **Marketing skills** will enable businesses to more effectively build on the strength of the British brand and use ethical and sustainable trading as a key strength of their business.
- **Commercial and financial skills** will ensure that businesses are able to capitalise on the latest process and product innovations and respond to rapidly changing consumer demands in a financially sustainable way.
- **Management and leadership skills** need to improve in the sector and will become more important as competition in the fashion and textiles sector increases.

#### 6.4.2 Sector specific skills

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

- **New processes are leading to a demand for a host of associated skills.** Examples include digital printing in the design sector, wet-cleaning in the laundry sub-sector and plasma treating in the technical textiles sub-sector.
- **Traditional craft skills are going to continue to be important.** Although technology is advancing, there is still a need for individuals to have a basic understanding and practical experience of traditional craft skills. This will help to ensure that technology is

appropriately applied. As manufacturing is increasingly outsourced, these skills will also make sure that individuals are able to communicate effectively with manufacturers and understand the opportunities and limitations of the manufacturing process.

- **Fabric technology skills** are increasingly in demand across the whole of the fashion and textiles sector but particularly within the technical textiles sub-sector.
- **Quality control skills** are becoming more important as businesses are increasingly sourcing materials from overseas and out-sourcing elements of the production chain.
- **Design and customisation skills** are becoming more important as England's fashion and textiles sector is moving towards the production of higher value, niche products. In order to effectively meet consumer demands, there is increasingly a need for creative and innovative design skills and the ability for businesses to produce customised products.

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## 6.5 Scenario Planning

### 6.5.1 Scenario Planning for the UK

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

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

**Table 6.8 UK employment forecasts**

Employment levels (,000,s)	2007	2012	2017	Net change	Replacement demand	Total requirement
UK Fashion and Textiles Footprint	272	246	228	-44	94	50
UK All Sector Employment	31,234	32,200	33,184	1,949	11,501	13,451

Source: Working Futures III (2008)

## **Overall sector picture**

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, as sub-sectors particularly at risk to globalisation and trade liberalisation, will have been off-shored and out-sourced.

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.

Compared to all sector employment within the UK, the UK fashion and textiles sector is forecast to see a greater drop in net workforce numbers. This indicates that the sector's still has a number of structural issues that will need to be worked through before finding its optimum employment level.

However, in contrast to the pattern forecast to be exhibited in the fashion and textiles sector, the UK at an all sector level is expected to increase its gross employment needs to 2017 by 4%. This highlights how whilst overall employment in the UK will continue to rise, it has been forecast there will be little additional domestic demand for fashion and textiles sector stemming from the extra working population. This demonstrates the continued reliance on the export markets to stimulate demand.

## **Structural changes to occupational make-up**

The following table highlights Working Futures III predictions on sectoral changes by occupation up to 2017 and has profound implications for the UK fashion and textiles sector.

**Table 6.9 Structural changes in the UK fashion and textiles workforce**

Employment levels (,000,s)	2007	2012	2017	Gross change %	Replacement demand %	Total requirement %
Managers and Senior Officials	48	49	50	4	35	39
Professional Occupations	16	16	16	0	32	32
Associate Professional and Technical Occupations	33	33	32	-2	32	30
Administrative, Clerical and Secretarial Occupations	19	15	12	-40	41	2
Skilled Trades Occupations	31	28	24	-23	32	10
Personal Service Occupations	17	14	14	-16	38	22
Sales and Customer Service Occupations	26	25	24	-7	33	26
Transport and Machine Operatives	50	39	31	-37	35	-2
Elementary Occupations	32	28	24	-23	34	11
<b>Total</b>	<b>272</b>	<b>246</b>	<b>228</b>	<b>-16</b>	<b>35</b>	<b>18</b>

Source: Working Futures III (2008)

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. However, this still equates to a third of jobs. Administrative, skilled trades and elementary occupations are all also expected to see large declines in workforce proportions. Although these occupational grouping within the UK fashion and textile footprint are forecast a gross decline in demand, positive replacement demand will see these occupations contributing to a net increase in employment.

The sum of these changes suggests a continued movement of manufacturing and process based operations overseas through off-shoring and outsourcing. However, this movement can be seen in the overall sector perspective to have begun to stabilise by 2017, suggesting the UK fashion and textiles sector will have found its specialism for manufacture in the global marketplace.

Managerial and technical positions will proportionally make up a larger part of the workforce. This will occur as companies spend a greater amount of time managing supply chains and customer relations, whilst the level of technical expertise, both in terms of processes employed and ICT needs, brings additional need for these occupational groups. The rise of these positions can also be attributed to an increased number of smaller niche and technical operators that will be expected to enter the market for which these occupations will be major drivers.

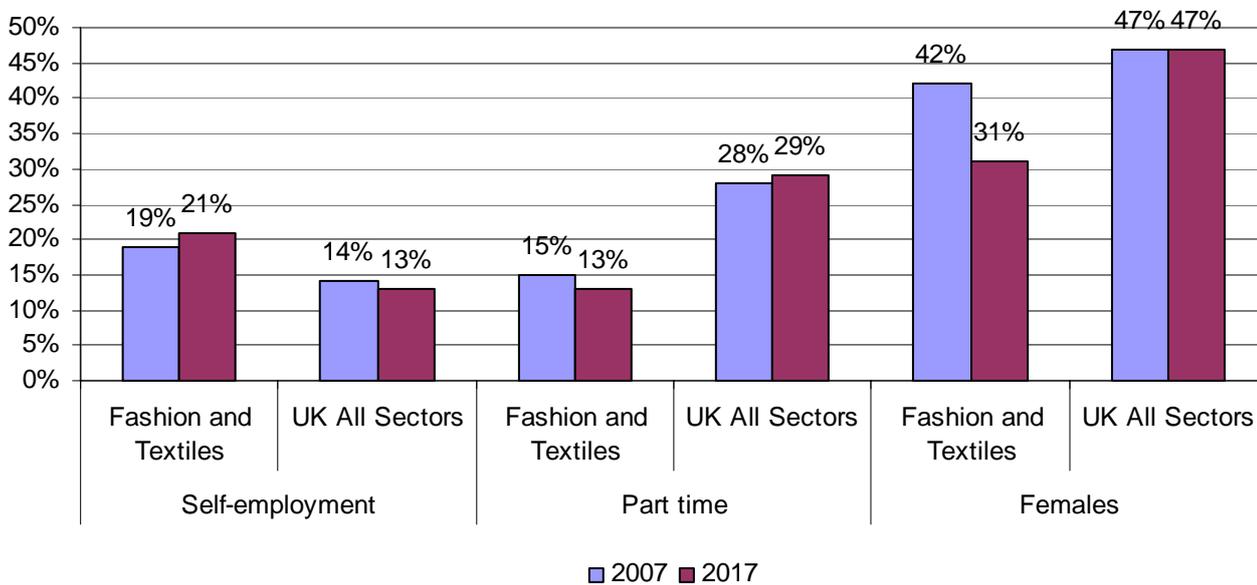
The reduction in operative level recruitment opportunities and need for management level skills illustrates the point that the sector will require far fewer employees with lower level skills (below N/SVQ level 2) and more with higher level skills (N/SVQ level 3 and above) to enable the sector in UK to compete.

International research (Jagger, 2005) suggests that there is an association between growth in total factor productivity (TFP) in a country's fashion and textiles manufacturing sector and the presence of intermediate skills (up to and including N/SVQ level 3 equivalent) in the sector's workforce. The research highlighted that whilst the UK was above average for TFP, TFP growth figures were poor in comparison. Given the continuing changes to the sectoral structure, it is viable that these issues with TFP may well be accentuated.

## Demographics

The following graph highlights the demographics of the fashion and textiles sector.

**Figure 6.1 Demographic make-up of the UK fashion and textiles sector**



Source: Working Futures III (2008)

Reflecting the continued niche and micro level that the sector operates to, and is continuing to work to, self-employment will continue to be a key feature of the sector in converse to the UK economy as a whole which expects to see a decline. Self-employment is estimated to rise to over a fifth of the workforce by 2017.

Conversely, part-time working will not be as prominent and will decline in contrast to the high proportions and continued growth the all-sector in UK figure is predicted to demonstrate.

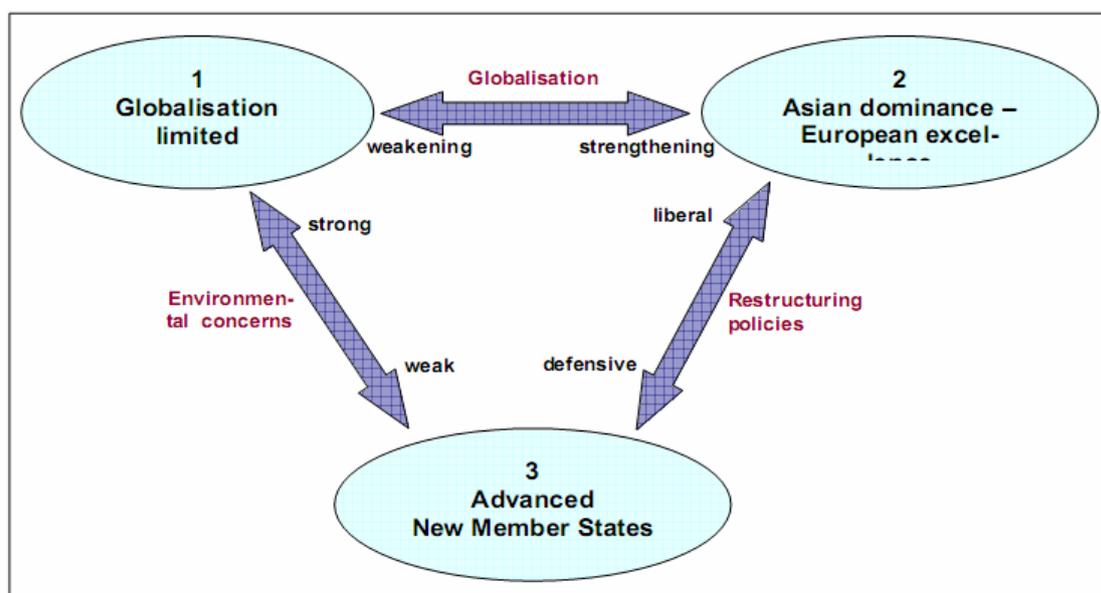
The share of female employment is forecast to reduce significantly as a proportion of the workforce from 40% of the workforce to little more than a quarter of total employment. This reflects the high level of structural change that is occurring within the sector as operative and elementary occupations that are traditionally the domain of females, (especially within clothing and textiles manufacture) are lost. This again is in contrast to the UK all sector figure that will see stable employment numbers for females.

## 6.5.2 Scenario planning for Europe

Vogler-Ludwig and Valente<sup>70</sup> 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. 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.

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

**Figure 6.2 Three potential scenarios to the year 2020**



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

The three scenarios can therefore be summarised as such:

### Scenario 1: Globalisation Limited

**Drivers:** Globalisation Limited sees the effects of climate change and the environmental agenda change the way in which consumers, the Government and producers all currently make their

<sup>70</sup> Skills scenarios for the textiles, weaving, apparel and leather product sectors in the EU, 2008, Vogler-Ludwig and Valente

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 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 dual impact of increasing sophistication of overseas competitors able to replicate current high value goods produced in the nation. Whilst this has large negative effects on the industry, it does create opportunities at managerial, computing, engineering and business professional levels as design functions and management of supply chain activities become 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 6.10 Key drivers of change for the scenarios for fashion and textiles manufacturing**

	<b>Scenario 1</b> Globalisation limited	<b>Scenario 2</b> Asian dominance- European excellence	<b>Scenario 3</b> Advanced New Member states
<b>Environmental costs</b>	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.
<b>Markets</b>	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.

	<b>Scenario 1</b> Globalisation limited	<b>Scenario 2</b> Asian dominance- European excellence	<b>Scenario 3</b> Advanced New Member states
<b>Knowledge base</b>	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.
<b>Competitiveness</b>	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.
<b>Branch structures</b>	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.
<b>Foreign trade</b>	Low growth of world trade.	Strong growth of world trade.	Medium growth of world trade.
<b>Employment Change 2006-2020</b>	-25%	-50%	-20%
<b>Skills needs</b>	Revival of production related trades; More managers and professionals in low-cost areas; Specialists for traditional crafts; General need for ecological competences.	Strong decrease of production related trades; Limited demand for highly specialised craftsmen; Strong increase for technical and commercial specialists; Computer professionals.	Strong demand for managers and commercial professionals in low-cost areas; Limited demand for technical specialists in high-cost areas; Decrease of production-related trades and craftsmen.

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

## **6.6 Potential Future Actions**

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

### **6.6.1 Supporting the sector to achieve its growth potential**

#### **Encouraging greater sector collaboration**

There is scope for the fashion and textiles sector to work together far more effectively, be it across different elements of the supply chain, across different components of education and training provision, or between education and industry. There are opportunities for individual businesses to work together more effectively and for the sector as a whole to collaborate better. In particular, communication and collaboration between designers and manufacturers in the UK should be improved. In comparison, consultees with the saddlery sector highlighted that the different elements of their sub-sector do share knowledge and work well together. As a further example, the Dutch dry-cleaners' association Netex established a project to set up a Fashion Care and Corporate Image Forum, which involves co-operation across the whole supply chain, including drycleaners, retailers, manufacturers and their respective trade associations in order to improve the industry's quality and professional image<sup>71</sup>.

#### **Leading the sustainability agenda**

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

<sup>71</sup> Together professionals can make a difference, 2009 ([www.laundryanddrycleaningnews.com](http://www.laundryanddrycleaningnews.com))

## **Building capacity and encouraging the growth of clusters**

There is emerging evidence from other countries concerning the efficacy of supporting local fashion and textiles clusters or hubs in key cities and local areas. This enables a critical mass of colleges, designers, manufacturers and retailers to work in close proximity to one another. The proposed Local Enterprise Partnerships (LEPs) may be a way to encourage the development of clusters in the sector<sup>72</sup>.

## **Effectively utilising technology**

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

## **6.6.2 Ensuring the sector meets its future skills needs**

### **Investing in labour market intelligence**

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

### **Developing leadership and business management skills**

A recurring theme across all sub-sectors in the fashion and textiles sector is the need to improve leadership and management skills. Consultations supported findings from research conducted by the British Fashion Council, which stated that the management skills gaps should be tackled by increasing the business content in fashion and textiles courses<sup>73</sup>. Within the design sector, particularly, there is also scope to raise awareness of the opportunities afforded through business partnerships.

<sup>72</sup> The Value of the UK Fashion Industry, 2010, British Fashion Council

<sup>73</sup> The Value of the UK Fashion Industry, 2010, British Fashion Council

## **Marketing and raising awareness of opportunities within the sector**

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

## **Supporting practical training opportunities**

Consultees frequently expressed a need for individuals entering the sector to have practical experience and technical knowledge of the sector and this has been further evidenced by the skills survey data from NESS 2009. 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.

## **Enhancing industry and education collaboration**

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

## **Encouraging and supporting succession planning**

Businesses in the fashion and textiles sector recognise the importance of succession planning to respond to the challenges presented by an ageing workforce. However, many businesses do not have plans in place. The sector needs to be encouraged and supported to think about options for up-skilling the existing workforce or encouraging the recruitment of individuals to address emerging skills shortages. However, there needs to be careful consideration to ensure

that this support is delivered in a way that is appropriate for businesses and has due consideration for the every-day and more immediate pressures that businesses face.

# Annex One: Supporting Data

## A1: Geography of fashion and textiles businesses

UKSIC	Description	North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland	UK
15113	Fellmongery	0	10	*	*	*	*	*	*	*	*	*	*	30
17	Textile manufacture	500	2,190	1,740	1,690	1,320	1,770	1,710	2,850	2,080	850	1,410	420	18,520
18	Clothes manufacture	380	1,390	940	1,510	1,120	1,000	2,170	1,440	1,040	510	1,190	230	12,930
19	Leather manufacture	20	100	50	130	100	70	110	110	110	30	50	10	890
2124	Wallpaper manufacture	0	0	0	*	*	*	*	0	0	*	0	0	10
24422	Non-medicaments manufacture	0	*	0	*	*	0	0	*	0	*	0	*	10
247	Manmade fibre manufacture	*	50	30	80	10	70	80	30	60	20	20	*	450
3310	Medical equipment manufacture	*	*	20	*	*	*	*	10	10	0	*	*	60
4543	Floor/wall covering	200	640	610	410	630	790	410	1,250	810	280	290	100	6,410
5111	Agents raw materials	10	230	190	130	50	50	170	40	40	10	60	20	990
5116	Agents textiles/clothing/leather	50	580	350	360	160	170	440	210	150	20	200	90	2,780
5124	Wholesale hides/leather	*	20	10	60	10	20	60	10	10	*	20	*	230
5141	Wholesale textiles	20	710	390	530	280	180	800	330	180	80	150	120	3,780
5142	Wholesale clothing/footwear	160	1,160	620	770	580	550	1,990	670	550	240	420	300	8,000
51479	Wholesale other household goods	40	120	100	90	100	110	230	110	80	30	30	30	1,070
5156	Wholesale intermediate products	0	10	50	*	0	0	*	0	*	0	*	0	70
5271	Repair shoes/leather	70	270	160	160	170	190	490	300	180	120	160	50	2,310
5274	Other repair	240	630	450	440	510	630	550	1,010	580	250	450	90	5,850
71409	Rent personal/household goods	20	40	30	30	60	80	50	170	80	20	10	10	590
74872	Speciality design	40	180	100	110	40	60	980	130	200	50	60	*	1,950
9301	Wash/dry clean	300	1,270	810	650	940	1,140	3,450	1,800	880	430	720	320	12,720
	<b>Total</b>	<b>2,110</b>	<b>9,370</b>	<b>6,540</b>	<b>7,040</b>	<b>6,110</b>	<b>7,000</b>	<b>13,680</b>	<b>10,680</b>	<b>7,140</b>	<b>3,000</b>	<b>5,260</b>	<b>1,750</b>	<b>79,660</b>
	<b>Technical Textiles</b>	<b>30</b>	<b>50</b>	<b>40</b>	<b>80</b>	<b>30</b>	<b>60</b>	<b>30</b>	<b>50</b>	<b>60</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>470</b>

Source: tbr 2008

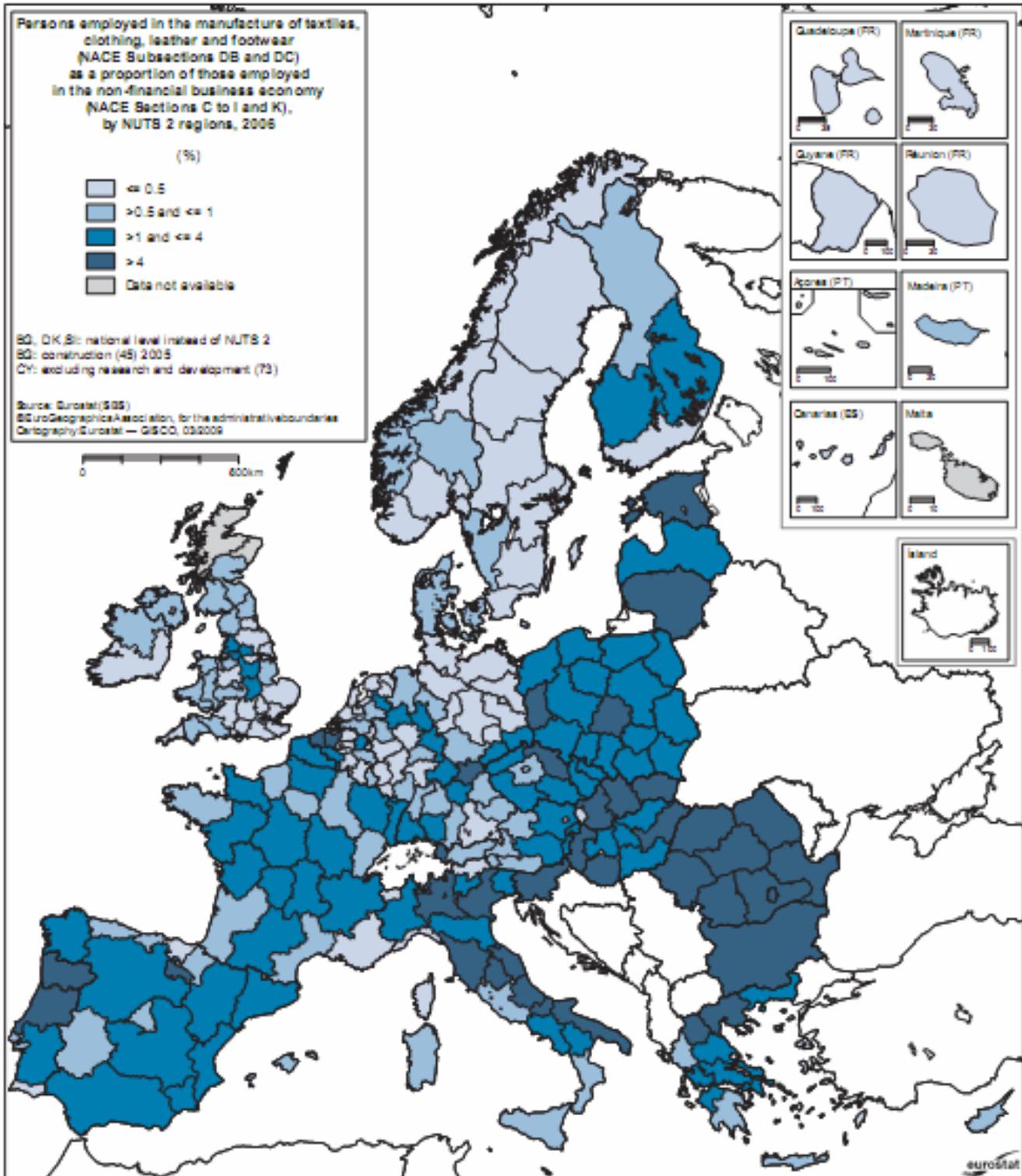
## A2: Geography of the fashion and textiles workforce

UKSIC	Description	North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland	UK
15113	Fellmongery	0	50	380	30	10	160	20	20	110	20	20	80	900
17	Textile manufacture	2,710	19,020	17,060	15,180	5,870	4,880	4,280	5,800	5,860	3,740	10,410	4,270	99,060
18	Clothes manufacture	1,630	6,810	3,990	9,550	5,020	3,300	9,880	2,900	2,600	1,710	3,410	1,960	52,760
19	Leather manufacture	370	1,800	590	4,110	1,390	800	810	710	3,360	200	490	160	14,790
2124	Wallpaper manufacture	0	0	0	*	10	*	*	0	0	210	0	0	230
24422	Non-medicaments manufacture	0	50	*	20	130	0	0	20	0	10	0	10	240
247	Manmade fibre manufacture	80	1,180	290	90	470	110	70	80	370	170	30	10	2,970
3310	Medical equipment manufacture	50	170	110	180	30	*	*	180	690	*	30	20	1,470
4543	Floor/wall covering	290	760	700	510	680	890	480	1,410	840	360	380	120	7,420
5111	Agents raw materials	40	1,530	660	330	150	210	510	110	100	20	190	70	3,920
5116	Agents textiles/clothing/leather	1,200	2,820	1,300	1,000	550	620	1,550	510	4,640	70	390	260	14,910
5124	Wholesale hides/leather	20	220	160	150	60	60	220	60	30	10	40	30	1,070
5141	Wholesale textiles	130	3,690	2,150	2,210	990	480	3,290	1,340	550	210	460	500	15,990
5142	Wholesale clothing/footwear	1,790	8,140	2,870	7,380	3,320	2,470	10,380	2,790	5,340	820	2,830	890	49,030
51479	Wholesale other household goods	230	580	630	240	370	430	930	410	200	200	220	90	4,530
5156	Wholesale intermediate products	0	20	340	10	0	0	20	0	10	*	100	0	500
5271	Repair shoes/leather	150	580	300	310	310	370	710	520	290	200	270	90	4,110
5274	Other repair	490	1,440	800	710	880	990	1,010	1,520	900	430	820	180	10,150
71409	Rent personal/household goods	60	150	150	180	210	280	160	570	440	80	60	60	2,410
74872	Speciality design	80	340	130	270	300	90	1,740	260	270	80	150	50	3,770
9301	Wash/dry clean	1,360	4,540	3,080	3,210	3,100	5,840	10,150	6,820	3,460	1,280	3,060	1,370	47,280

	<b>Total</b>	<b>10,710</b>	<b>53,890</b>	<b>35,910</b>	<b>45,570</b>	<b>23,850</b>	<b>22,030</b>	<b>46,230</b>	<b>26,050</b>	<b>30,050</b>	<b>9,840</b>	<b>23,250</b>	<b>10,130</b>	<b>337,500</b>
	<b>Technical Textiles</b>	<b>210</b>	<b>870</b>	<b>340</b>	<b>810</b>	<b>340</b>	<b>550</b>	<b>200</b>	<b>740</b>	<b>350</b>	<b>170</b>	<b>470</b>	<b>370</b>	<b>5,410</b>

Source: tbr 2008

### A3: UK fashion and textile manufacturing as a proportion of all employed within a European context



Source: Eurostat Business Review 2009

#### A4: Key occupational groupings translated into fashion and textiles occupations

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)

## A5: Demographics of the UK Fashion and Textiles sector and sub-sectors

	By Fashion and Textiles sub-sector <sup>1</sup>					
	All UK employment	All UK Fashion and Textiles	Textiles	Apparel	Footwear and Leather	Laundry and Dry-cleaning
<b>Female</b>	<b>46%</b>	<b>50%</b>	<b>44%</b>	<b>59%</b>	<b>36%</b>	<b>48%</b>
<b>Aged 24 and under</b>	<b>13%</b>	<b>11%</b>	<b>7%</b>	<b>16%</b>	<b>11%</b>	<b>10%</b>
<b>Aged 45 and over</b>	<b>40%</b>	<b>47%</b>	<b>54%</b>	<b>41%</b>	<b>45%</b>	<b>46%</b>
<b>BAME background</b>	<b>9%</b>	<b>16%</b>	<b>10%</b>	<b>23%</b>	<b>9%</b>	<b>17</b>
<b>Self-employed</b>	<b>13%</b>	<b>21%</b>	<b>17%</b>	<b>19%</b>	<b>16%</b>	<b>30%</b>
<b>Part-time</b>	<b>26%</b>	<b>25%</b>	<b>22%</b>	<b>27%</b>	<b>19%</b>	<b>28%</b>
<b>In job over 5 years</b>	<b>51%</b>	<b>52%</b>	<b>61%</b>	<b>48%</b>	<b>62%</b>	<b>44%</b>
<b>Non-UK National</b>	<b>11%</b>	<b>15%</b>	<b>8%</b>	<b>12%</b>	<b>5%</b>	<b>17%</b>
<b>NVQ L4 and above</b>	<b>35%</b>	<b>19%</b>	<b>18%</b>	<b>23%</b>	<b>18%</b>	<b>14%</b>
<b>Below NVQ L2</b>	<b>20%</b>	<b>37%</b>	<b>34%</b>	<b>34%</b>	<b>43%</b>	<b>42%</b>
<b>Job related training in past 13 weeks</b>	<b>26%</b>	<b>9%</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>

Source: Annual Population Survey 2009

<sup>1</sup> Due to the limitations of SIC codes, fashion design is excluded from this analysis.

## A6: Key National Employer Skills Survey 2009 data by sub-sector

<b>Vacancies</b>				
	<b>Textiles</b>	<b>Apparel</b>	<b>Footwear and Leather</b>	<b>LDC</b>
Vacancies	8%	11%	9%	13%
Hard to fill vacancies as % of vacancies	32%	41%	44%	31%
Hard to fill vacancies	3%	4%	4%	4%
Skill shortage vacancies	2%	4%	2%	2%

<b>Training</b>				
	<b>Textiles</b>	<b>Apparel</b>	<b>Footwear and Leather</b>	<b>LDC</b>
Provide both off-the-job and on-the-job training	21%	16%	17%	15%
Provide off-the-job training only	10%	10%	11%	5%
Provide on-the-job training only	16%	21%	15%	22%
Provide neither off-the-job nor on-the-job training	53%	53%	57%	58%

<b>Employers reporting skills gaps</b>				
	<b>Textiles</b>	<b>Apparel</b>	<b>Footwear and Leather</b>	<b>LDC</b>
Any skills gaps	17%	15%	14%	16%

<b>Impact of skills gaps</b>				
	<b>Textiles</b>	<b>Apparel</b>	<b>Footwear and Leather</b>	<b>LDC</b>
Increase workload for other staff	58%	56%	53%	60%
Increase operating costs	38%	38%	16%	31%
Have difficulties meeting quality standards	30%	22%	17%	31%
Have difficulties introducing new working practices	29%	32%	33%	26%
No particular problems / None of the above	25%	31%	27%	19%
Delay developing new products or services	20%	28%	39%	23%
Lose business or orders to competitors	19%	27%	17%	26%
Outsource work	9%	12%	6%	13%
Don't know	2%	0%	8%	2%

<b>Main occupation that will need upskilling in the next 12 months</b>				
	<b>Textiles</b>	<b>Apparel</b>	<b>Footwear and leather</b>	<b>Laundry and dry-cleaning</b>
Managers	42%	39%	48%	41%
Professional occupations	0%	1%	0%	2%
Associate professional and technical occupations	3%	2%	1%	1%
Administrative and secretarial occupations	11%	14%	4%	6%
Skilled trades occupations	7%	2%	10%	3%
Personal service occupations	0%	0%	2%	1%
Sales and customer service occupations	13%	20%	8%	11%
Process, plant and machine operatives	12%	10%	6%	5%
Elementary occupations	3%	4%	7%	18%
Un-SOCable	4%	2%	3%	3%
Don't know	5%	6%	11%	8%

Source: NESS 2009

## A7: Export markets by value for UK produced fashion and textiles goods in 2009

Value £000's

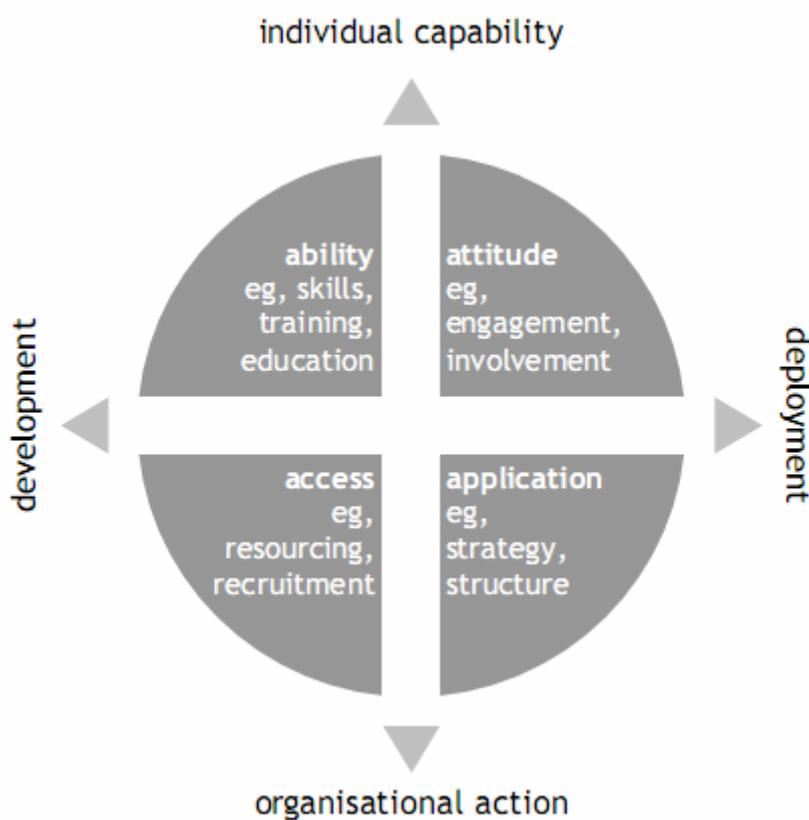
61 Leather and leather goods		65 Textile Yarn, Fabrics, Made Up Articles Etc		84 Articles Of Apparel & Clothing Accessories		85 Footwear	
Italy	28,869	Germany	251,779	Irish Republic	764,609	Irish Republic	182,929
USA	16,743	Netherlands	192,519	Germany	505,503	Germany	106,612
Hong Kong	13,863	Irish Republic	188,179	France	329,364	France	66,175
Czech Republic	10,741	France	166,857	Italy	221,940	Netherlands	56,009
China	7,362	USA	148,141	Spain	123,058	Italy	54,989
Germany	6,911	Italy	125,823	UAE	113,809	Spain	38,252
Thailand	5,263	Romania	96,252	USA	109,932	Belgium	21,925
Other Asia	5,187	Belgium	84,989	Netherlands	97,675	Sweden	16,422
Portugal	4,889	Spain	82,660	Greece	84,698	UAE	12,687
India	4,088	Poland	67,968	Belgium	75,944	Greece	12,446
France	3,821	Czech Republic	50,261	Russia	70,508	Japan	12,146
Irish Republic	3,253	Hong Kong	46,401	Turkey	63,843	Denmark	11,881
Poland	2,908	Turkey	40,013	Czech Republic	55,674	USA	11,182
Netherlands	2,882	Portugal	38,488	Sweden	52,158	Poland	9,319
Spain	2,343	China	37,366	Japan	51,922	Austria	8,684
Greece	2,277	Sweden	37,079	Denmark	50,419	Russia	8,482
Japan	2,256	Morocco	34,463	Switzerland	43,997	Switzerland	5,850
UAE	1,740	Denmark	34,454	Hong Kong	42,494	Turkey	4,874
Russia	1,703	Australia	34,157	Cyprus	39,217	Czech Republic	4,598
Philippines	1,697	UAE	31,661	Saudi Arabia	38,733	Hong Kong	4,589
Other	19,286	Other	550,312	Other	441,694	Other	67,157
<b>Total</b>	<b>148,082</b>	<b>Total</b>	<b>2,339,822</b>	<b>Total</b>	<b>3,377,191</b>	<b>Total</b>	<b>717,208</b>

Source: HMRC

## A8: 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.<sup>1</sup>

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.<sup>2</sup>



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

<sup>1</sup> Please see UKCES 2009. High Performance Skills practices: A literature review and Scottish government 2008, High Performance working practices: A literature review.

<sup>2</sup> People and the Bottom Line, 2008, P Tamkin, M Cowling, W Hunt

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

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

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

### **Access**

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

### **Ability**

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

### **Attitudes**

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

### **Application**

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

Given the minimum size of company was 25 employees and therefore intended for firms with a degree of employment (research conducted by the UKCES has shown small firms whilst not formally adhering to these “good practice” measures may well be using informal methods as proxies on this to mixed results and expectations from the employee)<sup>1</sup>, whereas the fashion and textiles sector is dominated by smaller micro companies, these measures provide a key tracking mechanism for which employers are able to track and baseline their performance against the set criteria.

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

**Ability**

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

**Application**

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

**A9: Introduction to the measures from the Global Manufacturing Survey**

Fashion and Textiles firms were scored on 18 separate measures identified as being helpful practices to adopt to aid business development. This was on a 1-5 basis with 5 being an example of best practice. 44 fashion and textiles firms from the UK took part in this study. A summary of these measures and the mean score of the fashion and textiles firms is shown below.

<b>1) Introduction of modern manufacturing techniques</b>
What aspects of manufacturing have been formally introduced, including just-in-time delivery from suppliers, automation, flexible manpower, support systems, attitudes, and behaviour?
<b>2) Rationale for introduction of modern manufacturing techniques</b>
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?

<sup>1</sup> Skills and the small firm, 2010, UKCES

<b>3) Process problem documentation</b>
Are process improvements made only when problems arise, or are they actively sought out for continuous improvement as part of a normal business process?
<b>4) Performance tracking</b>
Is tracking ad hoc and incomplete, or is performance continually tracked and communicated to all staff?
<b>5) Performance review</b>
Is performance reviewed infrequently and only on a success/failure scale, or is performance reviewed continually with an expectation of continuous improvement?
<b>6) Performance dialogue</b>
In review/performance conversations, to what extent is the purpose, data, agenda, and follow-up steps (like coaching) clear to all parties?
<b>7) Consequence management</b>
To what extent does failure to achieve agreed objectives carry consequences, which can include retraining or reassignment to other jobs?
<b>8) Target balance</b>
Are the goals exclusively financial, or is there a balance of financial and non-financial targets?
<b>9) Target interconnection</b>
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?
<b>10) Target time horizon</b>
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?
<b>11) Targets are stretching</b>
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?
<b>12) Performance clarity</b>
Are performance measures ill-defined, poorly understood, and private, or are they well-defined, clearly communicated, and made public?
<b>13) Managing human capital</b>
To what extent are senior managers evaluated and held accountable for attracting, retaining, and developing talent throughout the organization?
<b>14) Rewarding high performance</b>
To what extent are people in the firm rewarded equally irrespective of performance level, or are rewards related to performance and effort?
<b>15) Removing poor performers</b>
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?

<b>16) Promoting high performers</b>
Are people promoted mainly on the basis of tenure, or does the firm actively identify, develop, and promote its top performers?
<b>17) Attracting human capital</b>
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?
<b>18) Retaining human capital</b>
Does the firm do relatively little to retain top talent or do whatever it takes to retain top talent when they look likely to leave?

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