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THE ALLIANCE PROJECT

The Alliance Project (TAP), based at the Greater Manchester Combined Authority (GMCA, formerly New Economy), was established to examine the potential for re-purposing textiles manufacturing to the UK. The project was commissioned by Lord David Alliance and the GMCA, with the support of Government through the Department for Business, Innovation and Skills. TAP led an extensive study in 2013/14 which identified significant market opportunities, and identified a range of recommendations to enable industry to capitalise on growth in UK manufactured products. Government accepted the report in full, and asked the Alliance Project to continue work on four key areas: skills, investment, innovation, and reconnecting supply and demand.

NBROWN GROUP

The group, and its principal subsidiary, JD Williams and Company Ltd, is a leading internet and catalogue home shopping company, with over 140 years of experience in the distance shopping market. It has an extensive range of value products, principally clothing, footwear, household and electrical goods. Its brands include SimplyBe, High and Mighty, and Jacamo, and it has strong trading success through new brand development, niche acquisitions and strong internet presence.

GREATER MANCHESTER COMBINED AUTHORITY

The Greater Manchester Combined Authority (GMCA) is a unique model of governance for a city region. It is a statutory body with its functions set out in legislation, and builds on the Association of Greater Manchester Authorities collaboration between Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, and Wigan through a Joint Committee. It oversees functions which cover the Greater Manchester area, including powers over public transport, skills, housing, regeneration, waste management, carbon neutrality, and planning. The GMCA has supported TAP and TGP throughout the lifetime of these programmes, and has authored this final report.

NBROWN NATIONAL TEXTILES GROWTH PROGRAMME

The Textiles Growth Programme (TGP) is a Regional Growth Fund which supports capital projects, skills training, and research and development in the textile industry, within the densest concentrations of the industry in the UK. These include Greater Manchester, Lancashire, West Yorkshire, Leicester / Leicestershire, Derby / Derbyshire and Nottingham / Nottinghamshire. The TGP is delivered on behalf of NBrown by the Manchester Business Growth Hub. It’s aim is to invest up to £30 million to support the creation and safeguarding of 3,000 jobs in the industry, and leverage £120 million private investment.

Foreword

The UK economy comprises 48% micro-size and just over 15% SMEs. Less than 1% are large firms with over 250 employees. More and more of these companies are in supply chains with no ‘Original Equipment Manufacturers’ (OEM) or ‘Primes’. This profile is mirrored in the UK Fashion and Textile manufacturing sector, where there are only a few major Primes. This is the single biggest challenge to any government wishing to devise a successful industrial strategy. Highstreet, growth policy has focused on OEMs and Primes as the best and indeed only way of getting growth into the economy. Thirty years ago, this worked as there were enough Primes in the UK but over the last three decades, just like the market, the economic base has stratified to fewer bigger companies and many more smaller ones, with over 7 million micro-sized companies in the UK.

The second biggest issue is that there is weak demand for careers in making things from young people, teachers, and parents. This is a critical problem for UK fashion and textile manufacturers with a significant ageing workforce, for example 2,000 skilled replacements are needed in Greater Manchester alone by 2020. These are in a range of occupations, but particularly in skills machinists. The Alliance Project (TAP) was established in September 2012. Over the last five years it has worked with thousands of UK fashion and textile manufacturers, as well as many retailers and brands, and has developed a model for supporting growth in local manufacturing supply chains. TAP established two successful Regional Growth Funds and has invested £72m of Government money, which in turn has leveraged £123m of private sector investment by 340 UK manufacturers.

A total of £150 million investment will create over 4,000 jobs and 380 apprenticeships within the next 2 years. Most of the companies are in ‘cold-spots’ in the UK economy and in need of re-balancing through the creation of new private sector employment.

This report highlights several lessons for Industrial Strategy and sector support. It shows that the skills profile of fashion and textiles manufacturing, and future demand for skills, is very different from general ‘expectations’. Broadly, 40% of jobs are entry level, 30% A Level / NVQ Level 3, and 30% Undergraduate / Graduate. It is an ideal growth vehicle in the hardest to reach parts of the UK economy.

The research and investment programmes have also helped challenge previous ‘conventional wisdom’ which suggested that local grant funding for industry did not work. TAP has proved, that with the right research and focus on supply chain, place, and people, you can get a 5:1 return and stimulate significant local and national growth. Furthermore, TAP’s engagement with retailers and manufacturers has helped to prove that fashion and textiles are high value manufacturing, with levels of research intensity exceeding the average for all UK manufacturing.

This report also highlights several strengths and assets within the UK fashion and textiles sector, most notably that the UK remains a major centre for research and development in fashion and textiles innovation. The majority of technical textile SMEs are located in Greater Manchester, Lancashire and Yorkshire, and in Leicestershire and Nottinghamshire. Textiles manufacturers in the UK rank 3 in the world and No.1 in Europe in terms of patents between 2000 and 2015, and ranked No.3 in the world and No.1 in Europe in International Science Citation Index papers between 2000 and 2015. Future support needs to build on these assets by supporting a Global Centre of Excellence in Fashion and Textiles Innovation, which will act as a flagship and major hub for satellite centres across the industry.

This report builds on the initial Alliance Report published in 2014 - the biggest study in twenty years on supply and demand in UK fashion and textile manufacturing and included over 200 interviews with manufacturers, retailers, government, and representative bodies. The findings are based on hard national data, as well as the day-to-day feedback from market and business support intelligence gathered by TAP and the NBrown National Textiles Growth Programme.

A final industry summit was held on 12 April 2017. Over 150 experts and practitioners from all parts of the supply chain, retailers, policy advisors, Local Enterprise Partnerships, universities, trade bodies and innovation agencies came together to sense check our findings and to make recommendations to help the industry flourish in the long term. As such, this is the most authoritative work to date on how to support growth in fashion and textiles manufacturing, and it is hoped to serve as cornerstone report to help sustain the sector’s long-term growth and development.

It is important to thank several groups for their support for making the possible.

None of this would have happened without the main parties, Lord Alliance, the Greater Manchester Combined Authority, the NBrown Group, the Manchester Growth Company, Government and VINCI, the Government for Business, Innovation and Skills from the projects inception, the UK Fashion and Textile Association, and the British Fashion Council - the industry’s two leading trade bodies, who have been integral to the project and are very valued partners.

My thanks go to the Greater Manchester Local Enterprise Partnership, and the Local Enterprise Partnerships in West Yorkshire, Lancashire, Leicester, Nottinghamshire and Derbyshire. As with the initial Alliance Report, this report is proof that government and local business support, working with industry, can affect real change.

It is also important to recognise and thank the board members of the Textiles Growth Programme (TGP) who have worked tirelessly and given their time free to ensure that the investment funds were committed effectively. Both manufacturers and government recognise the value and experience they bring. My thanks go to: Paul Short (Chairman), Ian MacArthur, Peter Stock, James Sugden, Vanessa Podmore, Dallah Simble, Vikas Shah, Scott Tolsen, Simon Colbeck, Richard Jeffrey, Drew Thomas, Tony Attard, Sophie Glover, and Cheryl Kindness.

I would like to thank KPMG who helped hugely to get retailers to part with commercially confidential data, and PwC for their work on re-shoring which helped verify the proposition for growing UK production, and I would particularly like to mention M&S and the other retailers who gave the research huge credibility by sharing their data.

I would also like to thank members of the Alliance Project team and the Textiles Growth Programme team and advisors for their hard work during the last four years, and our funders that have enabled all parts of our work, these include: UK Government, NBrown Group, M&S, UKFT, the Clothworkers Company, the Greater Manchester Combined Authority, and the Local Enterprise Partnership.

Finally, I would like to thanks the real stars - the manufacturers themselves - who have not only survived decades of offshoring, but continue to invest, innovate and grow. Government, both national and local, are enablers, but the real drivers of success are the companies themselves.

Lorna Fitzsimons
Director - The Alliance Project, and NBrown National Textiles Growth Programme
INTRODUCTION

• This report highlights the achievements from several strands of work to support growth in the UK fashion and textiles industry, and to summarise what still needs to be done to secure the industry’s long-term growth potential. It also aims to build on the baseline set out in “The Alliance Report – supporting growth in UK fashion and textiles manufacturing”, published in 2014, by providing a record of lessons learnt from addressing the report’s recommendations, covering: the development of supply chains, capital investment, skills, and innovation.

• The report is based on several pieces of research undertaken by The Alliance Project (TAP) and the day-to-day delivery of the NilBrown National Textiles Growth Programme (TGP) – the largest grant investment fund established in the UK to support direct investment in capital and jobs. This research includes interviews and dialogue with major high street retailers, and over 500 manufacturers engaged through the TGP, as well as detailed studies on UK fashion and textiles innovation, UK fashion supply chains, analysis of UK product procurement practices, studies on UK fast fashion, and several site visits to understand the latest developments across the industry.

• This report and its recommendations are also drawn from a major summit in Manchester, April 2017 which hosted 150 delegates from across industry, retail, government, universities, and a range of representative bodies. The summit reviewed both the performance of the UK fashion and textiles industry, and identified the main issues to address to ensure that the sector reaches its full growth potential – building on the many successes achieved by TAP and TGP which has seen £150 million of investment, and will see over 4,000 jobs created/safeguarded before 2019.

• Sustaining this success is critical. The creation of a further investment fund – to leverage the industry’s investment in capital, training, innovation, and new markets – will help to build on the capability which still exists within different parts of the UK. This includes specialism in sectors such as yarn spinning (including the return of cotton spinning to the UK), knitting and jersey production (clustered in Leicester and Greater Manchester), weaving and technical textiles (major clusters of production in West Yorkshire and parts of the North West) and garment production (which has growing clusters in Leicester, London, and Greater Manchester).

KEY FINDINGS 1 – SIGNIFICANCE AND GROWTH

• Global Growth. The UK fashion and textiles sector has seen significant growth in the period following the recession. This growth is driven equally by both domestic and export demand. These opportunities have been driven by growth in the global market for fashion and textiles that eclipses many other parts of the world’s economy. The UK is already growing exports in a market worth over £1.4 trillion for clothing alone, and forecast to be almost £2 trillion by 2020.

• UK fashion and textiles manufacturing (technical textiles, homewares, clothing, and leather accessories), according to the ONS, have a total production value of £0.1 billion (in 2016). ONS estimate that the industry directly employs 90-100,000, rising to 127,000 including self-employed. The wider value of the British fashion industry, which includes the value added by UK textiles and clothing manufacturing, takes the total to £28.1 billion – representing 4.7% of the UK’s economy; and 880,000 jobs across industry sub-sectors which include: designer fashion, under and outerwear, sportswear, workwear, retail and wholesaling, creative media, and fashion manufacturing.

• Exports of fashion and textiles are worth £9.1bn, up 28% since 2012 (£6.8bn clothing, £2.8bn other textiles, excluding leather accessories). The European Union was the UK’s biggest export market for textiles & apparel in 2016, accounting for three-quarters of UK exports in the sector. The EU is already growing exports in a market worth over £1.4 trillion for clothing alone, and forecast to be almost £2 trillion by 2020.

• The economic case for UK sourcing (and re-shoring) remains strongest where the demand for shorter lead times from initial design to shop floor and consumer is sharpest, and where manufacturers have a significant design input to the product. The Alliance Report highlighted that the initial case for UK production was therefore strongest in luxury, high-end and mid-market apparel, and in particular fast-fashion.

• This report highlights that these findings remain correct. However, there has been an intensification of procurement in both high and low price point fast-fashion, alongside growing demand for upper and upper-mid price point apparel. There also continues to be viable growth markets in other segments, in particular hosiery and socks, where automation has eroded the price differentials with wages in other offshore locations.

• Current and Forecast growth. All the factors listed above are driving demand for more product from the UK, with the UK production value of textiles rising £200 million since the Alliance Report was published. The sector has seen significant increases in productivity during the last decade, and despite some of the challenges of national statistics (many new jobs are recorded through recruitment agencies), employment increased by 8,000 in 2014, many being high skill jobs in areas of high unemployment.

• Economic modelling by the Alliance Project - on the basis of its baseline study and subsequent evidence from TGP delivery - suggests that the industry can add a further 10,000 net new jobs, and contribute £500m more to the UKs economy each year by 2020. Here, the National Textiles Growth Programme is already supporting growth with investment projects worth a total of £150 million, and creating/safeguarding 4,500 jobs - of which there are 380 apprentices.
The Alliance Report outlined several barriers to growth. These have been addressed by a combination of activities across TAP and TGP during the last 3 to 4 years, they are summarised below, and detailed further in the report.

**Buyer knowledge.** Lack of knowledge about the UK supply base is still a significant barrier to growth. Buyers are often in their 20s, do not remember when most clothes were domestically sourced, and are often rotated between posts, hampering new supplier relationships. TAP and the TGP have worked from the outset to capture data on the capacity, capability and opportunities for growth and used this to maximise the impact of investment and to tailor support.

**Asymmetry between retailer and manufacturer.** Asymmetry between retailers of a global scale and micro suppliers, typically employing less than ten employees, can leave UK manufacturers exposed to the market power of retailers and often unable to quickly service large orders. A combination of significant grant funding and getting the right team with the relationships and experience to support growth: Addressing urgent skills shortages, particularly in Cut Make and Trim; and improving the image of textiles opportunities and identified 14 technical sub-sectors, and 4 key growth areas. Interviews with 100 firms, a review of market reports across the globe, and a review of all major UK university research contracts, found several areas of growth and specialism in the UK. In particular, but not limited to: 3D structures and spread low carbon fibre weaves; clothing and fashion technologies – including wearable technology, medical and protective textiles, and the development of new materials in the “circular economy”.

This research also proved that the industry has higher levels of research intensity (R&D spend as a percentage of turnover) than the average across all manufacturing. The study findings have been shared with InnovateUK to ensure that fashion and textiles are recognised in national innovation strategy, and to initiate competitions specifically aimed at materials, fashion and textiles firms.

**Skills shortages and the image of the industry.** Despite several achievements which have encouraged employers to invest more in training, skills are still the issue furthest away from achieving the industry’s ambitions for growth. The Alliance Report highlighted two major barriers to growth: Addressing urgent skills shortages, particularly in Cut Make and Trim; and improving the image of the industry for young people. These factors have been identified through direct feedback from manufacturers and retailers and several strands of research.

TAP has undertaken significant research into the skills supply and demand within fashion and textiles, including 150 initial interviews with firms to understand their barriers to growth, and more recently through an Employers Skills Group in Greater Manchester which has included 30 face-to-face interviews with CEOs and HR directors to understand the specific future skill needs.

**Lack of large firms and the challenge of growing innovation.** The Alliance Report highlighted the absence of large Primes and OEMs that typically support large scale investment throughout the micro-supply chain. TAP has therefore worked with a large and diverse group of businesses, universities and R&D firms to support growth in innovation across the sector. And it has also identified the business plan and proposition for a Global Centre of Excellence in Textiles Innovation.

TAP’s innovation research work included a detailed study in 2016 on the main advanced fashion and technical textiles opportunities and identified 34 technical sub-sectors, and 4 key growth areas. Interviews with 100 firms, a review of market reports across the globe, and a review of all major UK university research contracts, found several areas of growth and specialism in the UK. In particular, but not limited to: 3D structures and spread low carbon fibre weaves; clothing and fashion technologies – including wearable technology, medical and protective textiles, and the development of new materials in the “circular economy”.

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**Micro-size supply chains.** The UK’s fashion and textiles supply chains are mostly micro-size, with firms typically employing less than 10 employees. Despite this, the greater flexibility this brings, it can hamper information exchanges, make supply chain integration more challenging and is a major challenge to securing the scale of investment needed. It has been important to ensure that funds help large firms as well as smaller suppliers.

**Impact of funding.** During the lifetime of the NBrown National Textiles Growth Programme, the TGP has worked with over 500 individual textiles businesses, and made 340 investments worth a total of £150 million – that is, £27 million public money matched by £123 million private sector investment. This investment has supported the creation of 4,500 high skills jobs and 380 apprenticeships, equivalent to just under £5 for every £1 public investment, and value for money of £6,000 per job. Feedback from manufacturers has highlighted the importance of allowing both capital and revenue grants. TAP also visits a third of all the TGP investments to ensure the funds impact.

**The fund has been the catalyst that has lifted investment in other parts of businesses, such as product innovation and workforce development.**
Retailers suggest that more can be done by manufacturers to promote new designs and product innovation and state that charging for samples should not prevent manufacturers from showing innovative additions to samples.

Retailers and manufacturers have identified an increase in desire to buy British, and increasing interest in supporting the Made in Britain brand. However, retailers have suggested that the potential for Made in Britain ranges is less than expected to date.

Research with retailers and manufacturers has highlighted that there needs to be clear guidelines for the ranges for buyers, designers, and manufacturers, including:
- A clear divisional brief must be provided at the highest level.
- Ranges must be commercially viable for both retailers and manufacturers.
- Strong communication between retailers and manufacturers is needed in order to understand and maximise speed to market for top lines.
- A marketing plan which ensures the prominence of the range in-store and online, both at the launch of the range and when the range is established.
- ‘Made in Britain’ should not be a life-limited campaign, but customers should come to expect to be able to buy British products.
- There should be a higher high-street presence beyond ‘Made in Britain’ in just a small number of major stores.
- Both retailers and manufacturers state that more could be done to ensure all labelling on products is accurate in terms of being actually made in the UK.

Universities, research organisations, and InnovateUK

Retailers and manufacturers emphasise the growing importance of design and innovation in driving the success of the sector. However, there is no single centre in the UK that brings together the different disciplines of technical textiles, advanced materials, fashion and design, and garment making. The lack of supply chain ‘Prime’ also highlights an urgent need to develop stronger networks. There are several smaller technical R&D innovation centres, but no major hub that brings all the different innovation assets together.

Manufacturers also identify that there needs to be an overarching innovation strategy for advanced textiles in the UK, as can be for other leading growth sectors such as composites manufacturing, aerospace and automotive, life-sciences, and energy. The strategy must set out ‘roadmaps’ for the main areas of market opportunity, as well as identifying key technologies and areas of research.

Cuts to Adult Skills funding means that there is a scarcity of resources to help develop new entrants and adult returners to the industry (by industry and Government) to ensure that textiles receive a fair share of the falling Adult Skills budget. This also includes training providers working with industry and Government to maximise the impact of the Apprenticeship levy.

Manufacturers, retailers, and sector representative bodies (and LEPs) need to provide clear information about learning pathways and careers to encourage people to enter the sector. A major project, developed by TAP, has discovered what works to create interest and demand from teachers, pupils, and parents, in careers in the industry. This included a series of practical experiments aimed at rethinking industry’s approach to school careers fairs.

Employers need to be put at the heart of the education and training system. However, they state that they are confused by the mix of training provision and funding systems. Manufacturers said that they need a credible industry expert to help promote training and to help navigate sources of funding.

Manufacturers also claim that young people are not employment ready. It is important to state to employers what the publicly funded system can do for them, and what is expected in return to develop their workforce, including demonstrating the impacts of working with young people and apprentices.

Government, Local/Combined Authorities, Local Enterprise Partnerships

The unique combination of TAP, TGP funding, and the support of Local Enterprise Partnerships (LEPs) and the Greater Manchester Combined Authority has created significant momentum that would not have been achieved without their contribution. The TGP proves the importance of having support for a dedicated and knowledgeable team of advisors, coupled to a strategic organisation such as TAP working with national sector bodies, and national and local government.

The investment pipeline process has been supported by leads generated by a range of public and private agencies linked to TAP and the TGP, including Business Growth Hubs, LEPs, Chambers of Commerce, the UK Fashion and Textiles Association, the British Fashion Council, and business referrals from manufacturers and major retailers.

TAP has received the funding and in-kind support of the Greater Manchester Combined Authority throughout the lifetime of the project and TGP. This has enabled a dedicated resource to have strategic oversight of the activities, and leveraged additional money from the private sector to support work on employment and skills projects.

Investment needs to be place-based in order to deal with the main barriers to growth, in particular the skills challenge, alongside maximising the impact of investment funds. Skills are the main factor that brings together people, businesses and assets in the place they are located – the communities and neighbourhoods where people live and work, and where businesses invest in grow.

Overall, the feedback from manufacturers, retailers, and Government policy makers highlights that the UK textiles sector and related university expertise in the TGP target areas is substantial and diverse enough to offer a critical mass to be worthy of targeted public investment, yet small enough to avoid structural and political complexities found in formulating national programmes. This has helped to maximise the impact of public and private sector funds.

RECOMMENDATIONS

The research highlights the scale of opportunity for growth and employment in UK fashion and textiles, and makes the following recommendations to help sustain the sector long term success:

Recommendation 1: Ensure that the industry continues to act with one voice, and that the UK’s Industrial Strategy recognises the importance of supporting growth in fashion and textiles.

Recommendation 2: Continue to support mapping of the UK supply chain and the development of a national textiles supply asset register.

Recommendation 3: Retailers to work with major fashion and textiles manufacturers to develop training content and workshops on the procurement of product from UK manufacturers.

Recommendation 4: Government should convene a summit with retailers and manufacturers to address payment terms, which is holding back business growth and supply chain development.

Recommendation 5: Support manufacturers to attend international trade fairs, promote Best of British events, and develop a fully integrated business export offer for UK fashion and textiles.

Recommendation 6: Secure future funding for a dedicated fashion and textiles business development programme which uses local networks and support to develop local solutions.

Recommendation 7: Support investment in a Global Centre of Excellence for Textiles Innovation located within the densest concentration of fashion and textiles firms and research.

Recommendation 8: Introduce a sector-specific innovation fund, and competitions for fashion and textiles firms, to support activity in areas where the UK has a natural advantage.

Recommendation 9: Support fashion and textiles firms to grow levels of innovation by facilitating a more proactive approach to taking part in sector innovation programmes in Europe.

Recommendation 10: Urgent action is required by Government and industry to address immediate labour and skill shortages across fashion and textiles and the image of the industry.

Recommendation 11: Government, manufacturing and retailers need to collaborate further to help develop the industry’s full spectrum of training and education needs.

Recommendation 12: Government must support the creation of a fashion and textiles skills strategy and roadmaps for training provision.
1. Introduction

BACKGROUND AND AIMS

1.1 This report aims to highlight the achievements from several strands of work to address market failure and support growth in the UK textiles industry, and to summarise what still needs to be done to secure the industries long-term growth potential. It builds on the work undertaken by the Alliance Project “The Alliance Report” published in 2014. It includes findings from several additional pieces of work undertaken throughout the lifetime of The Alliance Project (TAP) and the NBrown National Textiles growth Programme (TGP), these include:

- Continuous dialogue and research interviews with major high street retailers and manufacturers.
- Engagement with 500 manufacturing firms throughout the lifetime of the TGP, including 340 textiles firms making investments through the TGP - Regional Growth Fund (Round 4 and 6).
- Four separate research studies covering: – UK Textiles Innovation (shared with InnovateUK in 2016); – Supply chain network analysis (undertaken by TAP in 2016); – Analysis of textiles procurement in the UK (retailers and manufacturer interviews in 2016); – Summary of depth research from site visits to Leicester (2015/16); – TAP study of fast fashion; and – Independent Evaluation of the NBrown TGP – funded by RGF Round 4.
- An industry summit was held in Manchester in April 2017 with 150 delegates from across industry, retailers, government, universities, and a range of representative bodies and stakeholders. The summit outlined the priorities to support the growth of fashion and textiles manufacturing in the UK. These were also used to inform the recommendations of this report.

1.2 The remainder of the report is structured around the following sections:

- Section 2: Economic context. The performance of UK fashion and textiles manufacturing.
- Section 3: Market outlook. A review of the factors driving growth in UK fashion and textiles.
- Section 4: Barriers to growth and key achievements to address the sector’s potential.
- Section 5: Lessons learnt from the Alliance Project and National Textiles Growth Programme.
- Section 6: Recommendations to help the fashion and textiles industry reach its full potential.

2. Economic context

2.1 This chapter highlights the scale and performance of the global textiles sector and the UK textiles sector in terms of: production value, employment, exports, and product markets.

GLOBAL TEXTILES MARKET GROWTH

2.2 The global market for textiles is significant and eclipses many other parts of the economy. The UK is already starting to exploit exports within a global market worth over £1.4 trillion for clothing alone in 2016, up from £1.3 trillion in 2013.1 The wider ‘global fashion industry’ is estimated to be worth £2.7 trillion, and this includes fashion marketing, fashion publications, and accessories.2

2.3 Worldwide demand for textiles is forecast to increase due to several major drivers of growth, including a growing global population, rising demand for different types of clothing from luxury to fast fashion, as well as rapid growth in several other industries that require technical textiles and textiles technologies as part of their value chain, worth a further £115 billion to the global economy in 2015.

2.4 Globally, Asia Pacific remains the largest regional apparel market. International brands continue to penetrate the region’s lower-tier cities especially in China where rising incomes are driving growth. Equally, despite slower growth in the global luxury goods market, luxury ‘core products’ were worth a total of £216 billion in 2016 with Asia remaining one of the fastest growing markets.3

UK TOTAL PRODUCTION VALUE

2.5 Textiles and clothing manufacturing is a long established industry in the UK. Significant capability exists in traditional areas such as yarn spinning, knitting, weaving and making-up (Cut Make Trim / CMT), alongside growth in technical textiles, materials and composites. UK textiles production, particularly apparel and homewares, still contributes significantly to the national economy.

2.6 UK textiles firms, according to the ONS, have a total production value of £51 billion.4 Broadly, 56% of total turnover relates to the manufacture of textiles, 35% clothing, and 11% leather & related products. This mix has changed since the Alliance Report, the ratios reported being 60% textiles, 30% clothing, and almost 11% leather. This report refers to all three as ‘textiles’.5

2.7 Studies show that the wider value of British ‘fashion’, which includes the value added by UK textiles and clothing manufacturing, takes the total to £28 billion; and 880,000 jobs across industry sub-sectors which include: designer fashion, outerwear, underwear, sportswear, workwear, retail and wholesaling, creative media and fashion textiles manufacturing.6

UK EMPLOYMENT CLUSTERS

2.8 The ONS Business Register and Employment Survey estimate that there are over 180,000 employees in UK textiles and clothing, excluding the self-employed and employees in non-wovens, textiles testing services, and laundry services.7 Separate studies suggest this figure does not capture those employed through recruitment agencies, nor the self-employed.8 The ONS, resident Labour Force Survey, which includes self-employed, shows that there are 127,800 nationally.

2.9 The industry is dominated by SMEs and micro businesses with over four-fifth of companies employing fewer than 10 people. Key clusters of production, shown in figure 1, are located within the industrial heartlands of Greater Manchester, Lancashire, West Yorkshire, Leicester, Derbyshire and Nottinghamshire. These areas account for two-fifths of all textiles employment nationally.

2.10 The Scottish textiles sector also has important supply chain links to these areas; and Rutland and Northamptonshire are also important centres for accessories and leather goods. Since the Alliance Report, employment has also grown significantly within London, with specialism in fashion and design, tailoring; and recently, growth in employment in garment manufacturing.

2.11 Analysis by location and sub-sectors within textiles, shows that the main clusters / sub-sectors are:

- Greater Manchester: One of the largest concentrations of garment and knitted clothing sectors in the UK outside London (which has the largest concentration of clothing and luxury garment making), followed by Leicester, and the West Midlands. Greater Manchester also has one of the largest concentrations of homesewn textiles, and technical textiles sub-sectors in the UK.
- West Yorkshire: One has the largest spinning and weaving sectors, excluding those also employed in new technical textiles industries and textiles finishing.
2.13 Economic modelling by the Alliance Project, using and table shows employment by sub-sector.

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<th>Region</th>
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<th>Spinning</th>
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<th>Knitwear</th>
<th>Dyeing</th>
<th>Finishing</th>
<th>Car-pets, rugs, ropes</th>
<th>Other technical &amp; industrial textiles</th>
<th>Homewares</th>
<th>Soft furnishings</th>
<th>Clothing - Leather &amp; workwear</th>
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3. Market outlook

3.1 The following sets out the scale and performance of the UK fashion and textiles sector, and includes a summary of the main drivers of growth and market opportunities.

APPAREL SECTOR

3.2 The ONS Consumer Trend Survey shows that spending on fashion, clothing and accessories was £30 billion in 2015, 6% up on the level in 2014, and 28% higher than 2010. Spending on clothing alone was over £55 billion (excluding accessories and footwear), with both men’s and women’s outerwear the fastest growing segment in the apparel market in the last 5 years. According to the latest market research by MINTEL, Men’s outerwear grew by 4.1% in 2015, outstripping the growth rate in women’s outerwear 3.7% per annum. However, women’s outerwear remains the largest component of clothing spending, totalling £26.9 billion in the UK in 2015, compared with £34.1 billion on men’s outerwear. This growth is predicted to continue: MINTEL forecast women’swear to rise to £31.5 billion, and men’swear to £37.2 billion in the next 5 years.10,11,12

3.3 Rising demand for UK clothing production in recent years has come from the following areas:

- Luxury product where provenance and exclusivity holds value to the end customer
- Upper and mid-market ranges; lower/mid-market fast fashion
- Staples where there are high levels of automation

3.4 Figure 2 shows how the growth in demand for UK manufactured products has changed since the Alliance Report in 2014. The main area of growth has been ‘superfast fashion’ where online retailers turn around new products from design to warehouse within 2 to 3 weeks.13,14

3.5 The strength of the rationale for sourcing apparel from low-cost countries has weakened, with re-shoring and demand for British textiles product (in particular in apparel) continuing to grow. The case still remains strongest at luxury and upper price point clothing, mid-end fast fashion, and where there are high levels of automation in production - up to two-thirds of additional wage costs due to repatriation to the UK can be cancelled-out through automation. However, there is clear growth across all product areas, in particular where there is more added value in the manufacture process - from design, to digital and panel printing, jersey and Jacquard, and knitwear and knittedwear - the more the market can be made in the UK. Evidence from manufacturers and retailers since the Alliance Report shows that there has been increased spending at high and low price points.

3.6 The drivers of change affecting sourcing in the UK are summarised below:

- Margin erosion. This is the main factor driving growth in UK manufacturing. Retailers have realised that the gains from on-shoring can offset costs due to ‘margin erosion’ and inventory risk. Interviews with several retailers showed that discounting stock can reduce the actual retail price of seasonal and fashion items, in some instances, by up to 90% of a ‘standard retail price.’


REFERENCES

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13. Retail Gazette (December 2016): Miss-guided smashes growth rates; (January 2017) Boohoo sales soar by 55%
14. Drapers (December 2016): Which are the UK’s fastest-growing private fashion firms?
15. The Alliance Project analysis of market data and Textiles Growth Programme investments
17. Retail Gazette (December 2016): Miss-guided smashes growth rates; (January 2017) Boohoo sales soar by 55%
Realising the Growth Potential of UK Fashion and Textile Manufacturing

- Fashion driven demand and shortening lead times. The traditional two-season cycle has ceased to be the business model for growth in the sector. Demand for on-trend and in-season merchandise is increasingly driven by consumers’ behaviour. Consumers are increasing spending at high and low price points, while reducing spending at mid-price points.
- Growth in fast fashion. Linked to the previous point, one key factor is that the business model allows retailers to ‘test’ new product lines with quantities of garments as low as 20 to 30 pieces and see how they sell, then retailers increase their order quantities if successful. Retailers are therefore not left with excess stock to sell, reducing their margin erosion.
- Growth of online retailing. Online retailers add hundreds of new lines of product per week, where newness of design, high volumes of click-through and exclusivity of product means that successful manufacturers have to be able to respond quickly with shorter runs and lead times. Proximity and a flexible response are pre-requisites for success.
- Desire to buy British and the ‘Made in Britain’ brand. There has been an upturn in demand for products that have a strong British association, where branding, authenticity and tradition of well-made products are seen as a mark of exclusivity. As outlined later, more can be done between retailers and manufacturers to make ‘made-in-Britain’ ranges more successful.
- The importance of design. Retailers and manufacturers pointed out that good design and product innovation will not only help differentiate products, but it can also guarantee both a higher mark-up price premium (up to 25%) more identified in the Alliance research on products, as well as reducing the need to discount unsold stock.
- Proximity and security of supply. A supply chain closer to the end market increases the degree of control and security, particularly important given recent global events, for example stock-outs due to inaccurate weather predictions, or social unrest in supplier countries. Study visits by TAP also highlighted strong levels of interaction between fabric producers and garment makers, and close links between fashion buyers and manufacturers’ in-house designers has helped firms to develop and expand new product ranges.
- Technology and automation. The Alliance Report suggests that up to two-thirds of additional wage costs due to reparation to the UK can be cancelled out through automation and improvements in efficiency. The impact remains strongest for fully factored knitted garments and hosiery, however, this will require further investment across all industry (by retailers and manufacturers) to ensure higher levels of productivity to make on-shoring work.

Homewares Sector

- The UK has a strong presence in homeware manufacture, covering products from ‘bath to bed’ and ‘oven to table’. The shift towards product differentiation continues, with UK manufacturers focusing their efforts on niche and higher-end quality products, and the growing demand from consumers to link purchases to new trends and interior designs. Demand is also influenced by the buoyant housing market, which has seen continued growth since the recession, and changing demographics - an ageing population, and fashion conscious millennials entering the property market.
- Data from ONS shows that consumer spending on household textiles in the UK rose from £6.3 billion in 2010 to £7.1 billion in 2015. MINTEL forecast that the homeware market will continue to grow – with an estimated market value of £10 billion by 2020.

Technical Textiles Sector

- The UK’s technical textiles sector was worth over £2 billion in 2016, and the UK remains a major supplier to the world and No.1 in Europe in International Science Citation Index papers between 2000 and 2015 and ranked No.3 in the world and No.1 in Europe in terms of patents generation between 2000 and 2015.
- Textile innovation in the UK is ranked at No. 3 in the world and No.1 in Europe in terms of patents generation between 2000 and 2015.
- Research undertaken by The Alliance Project in 2015/16, including interviews with 100 firms, review of market reports across the globe, and review of all major UK university research contracts, found several areas of growth and specialism in the UK, in particular: 3D structures and spread low carbon fibre weaves. Used for their strength and lightness in automotive and aerospace industries. The global demand on carbon fibre composites was estimated at US$47.3 billion in 2013, reaching US$24.8 billion by 2020, 6% per annum growth.

- Clothing and fashion-technologies. This includes production technologies and textile integration with other consumer technologies. The global smart textiles and technology ecosystem was estimated at US$3 to 4 billion in 2013, and over US$8 billion by 2018.
- Medical and protective textiles. Cross-cutting enabling technologies such as smart textiles treatments at the point of infection; aseptic textiles; heat management, and safety / defence composite textiles. The market value of medical textiles is US$8 to 9 billion.
- Growth in the circular economy. There are several areas of growth that use textiles innovation to make more efficient use of resources, recycling, lower water usage; and for example, novel energy generation and energy management.

FIGURE 3: THE IMPORTANCE OF FASHION AND TEXTILES INNOVATION ACROSS UK MANUFACTURING
3.14 Exports of fashion and textiles are worth £9 billion, up 28% since 2012 (£6.3 billion clothing, £2.8 billion other textiles, excluding accessories). The European Union was the UK’s biggest export market for textiles and apparel in 2016, accounting for three-quarters of exports across the sector.

3.15 The progressive liberalisation of international trade has meant that more trade markets have become viable targets for UK manufacturers, but equally the UK continues to import a significant amount of fashion and textile product. Total imports to the UK were £24.5 billion in 2016 (£19.1bn clothing and £5.4bn other textiles/fabrics). The resulting trade deficit increased to £15.4 billion, up from £15 billion in 2015, and up from the low of £13 billion reported in the Alliance report for 2012.

FIGURE 5: BALANCE OF TRADE IN UK AND EU ‘BENCHMARK’ COUNTRIES IN $USD, 2015

4. Barriers to growth and what we have achieved

4.1 The following section sets out the main barriers to growth across fashion and textiles. It is based on research involving over 200 firms and several retailers, and has been refreshed throughout the course of the Alliance Project and Growth Programme. It also highlights key areas of activity to address the barriers since The Alliance Report.

BARRIERS TO GROWTH

- **Buyer knowledge.** Lack of knowledge about the UK supply base is a significant barrier to growth. Buyers are often in their 20s, do not remember when most clothes were domestically sourced, and are often rotated between posts, hampering new supplier relationships.

- **Asymmetry between retailer and manufacturer.** Asymmetry between retailers of a global scale and micro-suppliers, typically employing less than ten employees, can leave UK manufacturers exposed to the market power of retailers and often unable to quickly service large orders.

- **Micro-size supply chains.** The predominantly micro-size nature of the supply chain hampers information exchanges, supply chain integration, and is a challenge to initiating major investments in capital, training and R&D.

- **Skills shortages.** An aging workforce, endemic skill shortages and lack of investment are the critical barriers that are threatening the UK’s existing supply base. Most notably the growth in export markets for luxury and high-end fashion, as well as demand for bespoke homewares.

- **Image of the industry.** Addressing the image of the textiles industry which is often thought of by potential entrants - particularly teenagers and their parents - in terms of ‘sweat-shops’, and not the more typical opportunities in high-tech and fashion-related operations.

- **Lack of large firms.** A lack of ‘Prime’ manufacturers to invest in research, innovation and up-skilling; the decline of UK textiles manufacturing in the early twentieth century was hastened more by underinvestment in implementing technology rather than developing it.

- **Confidence to invest.** Need to grow long-term confidence of manufacturers in retailers placing larger and sustained orders, typically over 2,000 pieces. Frequent smaller orders, sometimes as low as 50 pieces, is a significant barrier to investment and the efficiency of factory operations.

- **Payment terms.** Retailer payment terms being less regulated in the UK than many other countries mean that UK suppliers wait longer for payment than their foreign competitors.

4.2 The research also highlights that market power is mostly in retailers’ hands, and that many of the challenges can be addressed by looking at how retailers can support growth in a mostly micro-supply chain, by giving manufacturers the confidence to invest by committing to longer-term collaboration, a commitment to bigger production runs, different payment terms, and a shared relationship to growing the sector over the longer-term.

ENABLING GROWTH

4.3 The following sets out what TAP and TGP have achieved between 2013 and May 2017.

Research, supply chains and trade

4.4 From the outset, TAP decided to build in data capture and analysis in all four programmes of work in the Alliance Report, which has optimised what the team has been able to achieve. TAP has used this data to challenge what national statistics said about the industry (given the lag in publication) and to constantly challenge thinking about the solutions to barriers to growth.

4.5 TAP’s work has identified the importance of getting retailers and manufacturers to share key market-sensitive data and start collaborative work. Combining national data and intelligence with a local understanding of supply chains subsequently helped secure grant money, and enabled it be pinpointed where it would assist most – not only in terms of the direct recipient of the grant, but also how to support growth indirectly in several other supply chains. Getting the right team has been critical to everything TAP has achieved. The team has used their relationships and networks to build trust and to gain insight into the industry. Supply chain modelling with over 500 organisations has provided a more accurate picture of performance, capacity, capability, and strategic weaknesses in the UK supply chain. Figure 6 below gives examples of the supply chain model, including the basic supply chain network of firms (squares), alongside cluster mapping where red circles highlight the sub-sectors in the model.
The analysis also overlaid “clusters” to provide a context for investment and further research. These have been the basis of several ‘site-visits’ to textiles manufacturers. For example, the initial field research identified 49 ‘winners’ from 130 visits; these were firms which showed the capacity, capability and interest in investment/growth. The modelling, and feedback from textiles business advisors, provided an additional pipeline of 100 businesses which fed into the TGP.

The research included sector ‘Deep Dives’ into key locations, for example undertaken between TAP and Leicester/Leicestershire Local Enterprise Partnership. This showed significant capacity and capability in both CMT, cloth production and design. The firms were also acting as Primes, supporting smaller CMT firms on things like inventory and design.

Network modelling shows that some of the main firms have the ability to “reach” all parts of the supply chain better than others. That is, they appear more ‘central’ to the industry. It also highlights weak links where parts of the network need strengthening. For example, where there is over reliance on 1 or 2 firms in parts of the industry such as yarn dying and cloth finishing.

The key ‘central’ firms included Cut Make and Trim firms and luxury cloth that is linked to heritage clothing and homewares. The data also highlighted the importance of technical textiles to other industries, for example coating and heat/fire proofing linked to automotive, and homewares and furniture.

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CASE STUDY: GALAXY KNITWEAR LTD, LEICESTERSHIRE

Galaxy is a family run business, manufacturing high quality knitwear from its site in Leicester. Originally focused on menswear, the business now produces mainly womenswear, with products including jumpers, cardigans, shrugs, waistcoats, leggings, skirts and accessories such as scarves, snoods, capes, shawls and hats. Galaxy are well established with a number of large retailers and they design, develop and produce fashion knitwear to cater for that market; they have several knitwear ranges that had previously been manufactured in Romania.

Galaxy have an excellent understanding of the key drivers within that market, such as rapidly changing fashions and challenging lead times to getting product into the stores. The business has built a reputation for meeting those challenges, and the key to the success experienced to date has been the ability to work closely with the client, identify their needs and then move speedily through the sampling process to full manufacture. This is all achieved without any compromise on maintaining exceptionally high levels of product quality.

Galaxy see their future growth coming from delivering more of the same using the successful formula used to date. Always aware of the need for greater versatility, the company will look to extend the range of choice for clients and develop a broader product portfolio to cater for that market need. Developing the in-house capacity and capability to do this is a primary focus, and it will allow the business to deliver sustainable and successful growth well into the future.

Galaxy Knitwear have assessed their future growth plans and invested in new knitting machinery incorporating the very latest technology to produce “fully fashioned” garments and the capability to manufacture across multiple gauges – from fine to “chunky”. Successfully accessing TGP funding has seen the installation of state of the art knitting equipment that has had a positive impact on the business and given the directors the confidence they can achieve their growth objectives.

Successful implementation of the project has seen the business outstrip its original growth predictions by over 20% in the first year, increased orders from all 3 main customers, and seen the acquisition of over 12 new accounts from smaller multiples and independents. In addition, the increased capacity and capability has resulted in further displacement of imported knitwear; particularly within the new clients Galaxy have successfully engaged with.
4.11 Research highlighted the sector’s potential, but that it needed urgent investment to help capitalise on the opportunities for growth. TAP – with the support of industry, retailers, Local Enterprise Partnerships, and the GMCA (formerly New Economy) – initiated and executed two major investment funds with the flexibility to invest in capital and revenue activities. The following outputs have been achieved during the lifetime of the NBrown National Textiles Growth Programme:

- Worked with 500 textiles businesses, and made 340 investments worth a total of £150 million.
- This included: £27 million of public money matched by £233 million of private sector investment.
- The investment has supported the creation of 4,450 jobs and 380 apprenticeships.
- This equates to £4.60 private for every £1 public investment, and £6,000 per job.

4.12 Feedback from manufacturers has highlighted the importance of allowing both capital and revenue grants. This has given industry the confidence to invest more and quicker than planned, as well as delivering wider socio-economic benefits (apprentices), and flexibility to invest in capital and revenue activities.

4.13 The Alliance Report highlighted the absence of large OE2Os or Primes that typically support large-scale investment throughout the micro-supply chain. TAP has therefore worked with a large and diverse group of businesses, universities, and R&D firms to support growth in innovation across the sector. Work has included a detailed study in 2016 on the main advanced – fashion and technical – textiles growth opportunities, and identified specialism in 14 technical sub-sectors and 4 key growth areas.

4.14 The report proved that the industry has higher levels of research intensity (R&D spend as a percentage of total turnover) than the average across all manufacturing. The study findings were shared with InnovateUK to ensure that fashion and textiles are recognised in the national innovation strategy, and InnovateUK launched a competition specifically aimed at fashion and textiles firms.

CASE STUDY: LAXTONS YARNS LTD, WEST YORKSHIRE

Laxtons provides a design and manufacture function, creating British yarns, which are supplied to multiple global markets and a number of exclusive global brands. The company spin yarns that are predominantly wool, but they also process mohair, cashmere and fine cotton in 100% form or blends. Laxtons presently produce a wide range of yarns for a number of markets including: hand knitting; machine knitting; woven apparel; and woven furnishing fabrics.

Laxtons are established in their existing markets (supplier to major retailers), and they are seeing growing demand from customers for high quality UK manufactured yarns which is displacing inferior imported product. The company undertakes significant research and development, and the business continues to work closely with existing and new customers to create innovative yarns for use in manufacturing superior cloth across the sectors they serve.

As a progressive company, Laxtons are always looking for opportunities to diversify their markets. The company exports over half its product and is developing numerous opportunities to increase the value of exported goods as part of the growth ambitions for the business going forward. The TGP has supported the company in several areas including investment in state of the art twisting equipment to further enhance Laxtons product offering, and investing in a modern, purpose-built R&D unit, including small versions of the bulk machinery which can not only be used for further product development, but also as an educational hub for Universities and Colleges.

The investments have also leveraged several other areas of business development, including a complete overhaul of the manufacturing layout and work flow to improve the running efficiency of the plant, create capacity and reduce wastage. It has significantly enhanced the performance of the business through maximising the resources available. The investment project has facilitated the implementation of a marketing strategy to maximise the potential of aworsted and fancy yarn spinning company who, in 2010, re-shared 100% of its manufacturing back to the UK.

CASE STUDY: DIRECT TRADE BAGS LTD, LEICESTERSHIRE

Direct Trade Bags (DTB) has quickly become the largest printer and supplier of cotton and jute bags to the promotional market in the UK. Heavy investment in R&D has benefitted the business greatly in delivering a competitive advantage over other companies in the industry. This success has enabled DTB to look at expanding its business into other areas of textile product supply in the promotional sector. DTB supply virtually every high street retailer with branded textile bags. By applying the same focus on their R&D in new areas of transfer printing, digital printing and cotton cooper press printing they are now well placed to convert this into wider opportunities and into new market share.

DTB have provided advanced training to existing staff and employed new garment print operatives, along with new support staff in sales, design and supervisory roles, and new machinery housed in new production areas has been commissioned to cope with demand. By working closely with their Indian partners, they have developed a remedy to treat contaminated stock once landed in the UK, and DTB are the only company in Europe that can offer this service. This capability has had a significant effect in securing even more work from clients that no longer have to deal with the risk of contamination and the negative knock-on effect this has on late delivery or, worse, cancellation.

DTB has a strong position as a premium supplier in the sector, and will look to further capitalise on the capability embedded within the business to support the UK retailers with what they need. In addition to this, DTB feel that they can become competitive enough to exploit the potential for overseas trade to a much higher level, and forecast that they will be exporting in excess of 10% of production within 3 years against the current 1 to 2%.

The market targeted is well established and of considerable size across the UK and Europe, and DTB’s strategy for growth in these areas is through market leads from existing customers who are requesting DTB to expand their range offering. Having identified the equipment required to facilitate the growth, and planned the realignment of the production unit, DTB approached the TGP for support. The core elements of support included investment in new production equipment such as digital printers, carousel printers, multi head transfer machine, state of the art screen cleaner and drier; and the creation of a dedicated R&D unit.
Employment and skills

4.17 Despite several achievements which have encouraged employers to invest more in training, and securing additional public and private money, skills remains an issue. Further work needs to be done to achieve the industry’s ambitions for growth. The Alliance Report highlighted two major barriers to growth: addressing urgent skills shortages, particularly in CMT, and improving the image of the industry - to both new entrants and returners.

4.18 Investment in skills will have a ‘double dividend’ for the economy; it will help employers raise productivity, as well as supporting ‘place-based’ workforce development - benefitting residents in areas where the economy is in need of rebalancing away from public sector employment, and to address stubborn levels of low skill and economic activity.

4.19 TAP has undertaken significant research into the skills supply and demand within fashion and textiles, including 150 initial interviews in 2013/14 with firms to understand their barriers to growth, and more recently through an Employers Skills Group in Greater Manchester which has included 30 face-to-face interviews with CEOs and HR directors to understand the specific future skill needs. Four-fifths of CEOs surveyed said they were looking to take on new staff in 2016/17; and of these, the main skills shortages identified by businesses surveyed include: Trainer Production Sewing Machinists; Pattern Cutters; and Production Managers.

4.20 TAP research has also made use of Census data to identify the densest concentrations of skills in the labour force, and used this to focus the delivery of a series of “Textiles Tea-Shops” to encourage graduates to join the industry. Outputs include 350 employers in attendance, 30 new jobs and 70 new apprenticeships through the Tea-Shop campaigns.

4.21 TAP has developed a new approach to skills fairs for employers, parents and young people. This included a series of ‘pop-up factories’ at careers fairs across the North of England, where factories provided an interactive experience of manufacturing delivered to over 5,000 students, teachers and parents. The skills fairs and Tea-Shops achieved local and national media coverage.

CASE STUDY: MLA POLICE EQUIPMENT LTD, EAST YORKSHIRE

MLA designs, develops, manufactures and supplies protective clothing and equipment to police and security forces. The company operates in a highly regulated and quality-critical market, and use many technical materials as well as conventional fabrics, such as traditional leather, in the products they manufacture.

MLA has been a leading contractor in this niche but rapidly expanding market for a number of years, and holds a number of UK National Framework Contracts. The company supplies every UK Police Force and several police departments overseas. Exports are currently 2% of turnover, and the company is already realising the sales of its products in new markets across the globe; these include high end products for other leisure markets, for example country pursuits such as fishing and shooting.

MLA has sought assistance from the TGP to support a project that would enable the business to increase capacity and capability in order to deliver successful and sustained growth. The project entailed a full factory refurbishment, and the company invested heavily in new cutting and sewing equipment, as well as specialised leather working machinery to produce the high quality finished product their core market requires. In addition, a significant investment was made in developing the online resources available for the business, and the requirements to enhance exposure in overseas markets – in particular in order to maximise the potential for increasing export sales.

The support from the TGP was also instrumental in the R&D programme undertaken by MLA to design, prototype and test a range of new protective garments incorporating a unique and patented impact resistant material. This has the potential to be hugely influential in the future of Personal Protective Equipment, and will be instrumental in promoting and lobbying on sector issues.

The Group has successfully linked employers to training provision, as well as supporting the development of the ‘Train the Trainers’ programme for apprenticeship standards for the manufacturing of sewn products, and developing a pre-apprenticeship programme for entrants to the industry. TAP’s work has also supported three new Skills Academies, and a ‘Textiles Skills & Employment Portal’ where employers and training providers can log new opportunities. The site averages 1,000 hits per month, and continues to link employers with potential recruits to the fashion and textiles sector.
5. Lessons Learnt

5.1 The following section summarises the main lessons learnt throughout the delivery of The Alliance Project and the Niltown National Textiles Growth Programme. These are evidenced by and for: manufacturers, retailers, universities, education and training providers, government, and other relevant sector trade bodies. This section aims to help shape the debate on what needs to be done to ensure a legacy of the investments made to date, and to ensure the industry reaches its full potential.

MANUFACTURERS

5.2 Interviews with manufacturers showed they want to see retailers support long-term investment in the UK supply chain. They also want to see that retailers are, in principle, ready to place larger orders and minimums/designs that make it cost effective for UK factories.

5.3 Manufacturers want to see retailers make a genuine commitment to sustained behaviour change amongst apparel and homeware retailers, so they start to behave as Primes. This will give confidence to manufacturers, encourage them to invest in skills, machinery, and innovation; and give employees the belief that the sector is growing with good jobs and career opportunities.

5.4 Manufacturers state that the investment/grant has leveraged more investment and activity in other disciplines of manufacturing, fashion and product development.

5.5 Manufacturers have experienced exponential levels of growth in textiles exports. The TGF fund has encouraged firms to expand into new markets overseas – in particular within woman’s and men’s outerwear clothing.

5.6 Manufacturers state that the investment/grant funds have benefited their business by allowing a combination of capital and revenue investments. This has helped maximise the full impact of monies spent, in terms of firms making further investment in training and innovation to make the best use of new equipment.

5.7 Analysis of the project pipeline shows that RGF investment has allowed growth both upstream and downstream in the supply chains of textiles and other sectors. Investment is the catalyst that has leveraged more investment and activity in other areas of their business, such as training and skills, and innovation.

5.8 Manufacturers have highlighted that having an industry-led TGF board – with manufacturers and retailers – has led to better investment decisions and helped maximise the funds impact. The use of specialist advisors (a dedicated resource funded by RGF) has given businesses confidence in the quality of support.

5.9 The sector has required significant input from private, public and sector representative bodies – to initiate and coordinate investment support. This results from the sector not having major Primes that lead investment. Programme evaluation shows larger SMEs have supported growth in smaller firms.

5.10 Research by TAF, with UK manufacturers and retailers, shows that more needs to be done to connect retailers with manufacturers to influence buying behaviours and practices; and more to raise awareness of capacity and capability of UK textiles manufacturing. Factors include:

• Manufacturers want closer working with retailers and their buying teams to ensure they are able to deliver what retailers want in an effective and efficient manner. There is still a dislocation between the volumes and design content of orders and manufacturers capability.

• Manufacturers want retailers to have a stronger appreciation of manufacturing process, in particular feeding into their factory planning well in advance of placing orders. A constant flow of work throughout the year will encourage them to train and retain staff more effectively.

• Manufacturers want to get to a ‘gold-seal’ sample more efficiently. Close working between designers, buyers, and manufacturers helps ensure a shared understanding of the design brief, minimise waste, and that samples can be scaled into bulk production.

• Manufacturers want retailers to include the cost of samples within their overall budget. This will incentivise all parties to work together to manage costs, and ensure that the costs of all product components are factored into design and bulk manufacturing.

• Manufacturers state that more needs to be done to address the scale and timing of orders placed by UK retailers. Manufacturers stated that factory efficiency can fall by as much as 50% unless scale orders of at least 500 pieces are placed.

• Manufacturers and retailers admit that more can be done to coordinate ‘Made-in-Britain’ promotions and ranges. There has been an uplift in demand for British products, but there is a general perception that Made-in-Britain ranges have not reached their full potential.

5.11 Manufacturers want continued investment to address skills shortage in their workforce. These are being driven by an aging workforce, growing demand for UK made products, and challenges getting people to return to the sector. For GM alone suggest an average replacement demand of 500 per annum.

5.12 Manufacturers welcome the opportunity to input to Employer Skills Groups that help to shape the content and quality of training provision in the UK. TAF has helped facilitate an ESG in Greater Manchester. Effective employer engagement needs a facilitator from the industry to help interpret Government policy – and for credibility.

5.13 Employers continue to state that young people are not employment ready, but that they want support and guidance (from Government and training providers) to reduce the perceived risk on their business. This could include the use of Intermediate Apprentice schemes – a model which has worked in Manchester’s construction sector.

5.14 Manufacturers are supportive of the idea of developing a Global Centre of Excellence in Textiles Innovation, which will act as a central hub for the industry, and bring together the different disciplines of manufacturing, fashion and product design, fashion marketing and retail, material sciences, textiles machinery and technology.

5.15 Retailers want more information about the capacity and capability of the UK fashion and textiles sector. There has been significant improvement in the last 3 years, including initiatives such as ‘Let’s-Make-It-Here’ and various ‘Best of British’ buyers markets. However, it is 20 years since retailers procured in the UK, resulting in weak supply chain knowledge. Therefore, the UK doesn’t function efficiently as a made-market.

5.16 Fashion driven demand and shortening lead times. The traditional two-season cycle has ceased to be a model for growth in the sector. This has been replaced by on-trend and within season merchandising.

5.17 Online retailers add hundreds of new lines of product per week where newness of design and exclusivity are key. Retailers want manufacturers that are able to respond quickly with shorter runs and lead times. Proximity and a flexible response are pre-requisites for success.

5.18 Retailers have realised that the gains from outsourcing can offset additional costs due to ‘marginal erosion’ and inventory risk, i.e. they lose money by discounting than they do by paying more for faster, smaller runs from UK manufacturers. However, many retailers still work on gross costing which contributes to a perception that it is still too expensive to source in the UK.

5.19 Retailers accept that they have to pay more for UK product compared to offshore alternatives. However, in return they want to benefit from greater manufacturing supply chain transparency, reduced risk, and efficient turnaround from sample to production.

5.20 Retailers suggest that more can be done by manufacturers to promote new designs and product innovation. They also state that good design will not only help differentiate products, but it can also guarantee both a higher mark-up/price premium on products (up to 25% more).

5.21 Retailers state that charging for samples should not prevent manufacturers from showing innovative additions to samples, or from sharing speculative ideas that may be included in the product range. This should be balanced against the overall budget / order size.
5.22 One of the critical success factors identified by retailers and manufacturers is the need to ensure that the UK textile and clothing industry continues to invest in skills. However, uncertainty and risks arising from variable workloads make it difficult to recruit, retain staff and invest in training.

5.23 Retailers and manufacturers have identified an increase in desire to buy British and the ‘Made in Britain’ brand; however retailers have suggested that the potential is less than expected to date. There is a recognition that more can be done to coordinate Made-in-Britain activity, both within departments (menswear and womenswear), and between retailers.

5.24 There needs to be clear guidelines for any ‘Made in Britain’ range for buyers, designers, and marketers, including:
- A clear divisional brief must be provided at the highest level, including key indicators for the performance of ranges that take into account the fact that some ranges may initially be more challenging and more costly to deliver.
- Ranges must be commercially viable for both retailers and manufacturers, including products that consumers would buy regardless of whether they are part of ‘Made in Britain’ ranges, and not including detailing that is too intricate.
- Strong communication to both retailers and manufacturers is needed in order to understand and maximise speed to market for top lines. Equally, there must be a seasonal programme of work and quantities of garments agreed between retailers and manufacturers.
- A marketing plan which ensures the prominence of the range in-store and online, both at the launch of the range and when the range is established. The range should be incorporated within main ranges - whilst maintaining the ‘Made in Britain’ label.
- ‘Made in Britain’ should not be a life-limited campaign, but customers should come to expect to be able to buy British products – where they are allocated prime shop and internet space as a rule rather than an exception/only at the launch of a campaign.
- There should be a higher high-street presence beyond ‘Made in Britain’ in a small number of major stores. There also needs to be better integration, marketing and promotion campaigns, covering both male and female ranges in store.

5.25 Despite several achievements to encourage investment in skills (e.g. TGF investments, new training providers and academics, etc.) skills development is still the issue furthest away from achieving the sector’s ambitions for growth.

5.26 However, the sector is mostly micro-sized, limiting investment in skills (and innovation). This is linked to a lack of Primes / large manufacturers that deliver investments which ‘trickle-down’ the supply chain. Textiles firms have a propensity to under-invest in skills, expressing concerns about losing their trained workforce investment to other competitors.

5.27 Manufacturers, retailers and brands need to make a long-term commitment to supporting the skills that manufacturers need. Manufacturers need confidence to invest, and want more of the risks of workforce development to be shared across the industry and by retailers. There is also potential to use the Apprenticeship Levy from large manufacturers and retailers to support growth.

5.28 Manufacturers state that the sector’s expansion and new jobs created by investments is driving demand for skilled labour at all skill levels (entry to graduate roles). Combined with an aging workforce, there is significant replacement demand for workers across the industry. There is also a cross-over between fashion, textiles manufacturing skills and other parts of the economy, including Advanced Engineering, Materials, Health Innovation etc.

5.29 Manufacturers (and retailers) state that the ‘traditional’ skills provider delivery model does not work due to the diversity of jobs in the sector. This results in insufficient volumes of learners in particular areas of learning – making delivery and accreditation unviable for providers. There is a constant struggle with awarding bodies to maintain accreditation and funding of qualifications, in particular when qualifications are reviewed and ‘streamlined’.

5.30 Cuts to Adult Skills funding means that there is a scarcity of resource to help develop new entrants and adult returners to the industry. More needs to be done (by industry and Government) to ensure that textiles receive a fair share of the adult skills budget.

5.31 Manufacturers, retailers and sector representative bodies (and LEPs) need to provide clear information about learning pathways and careers to encourage people to enter the sector. TAP have identified a new model for engaging with latent skills in the workforce which can be rolled out across the UK. This includes a pop-up factory that encouraged 25 people into employment; a database of 300 residents interested in work, and national media coverage.

5.32 TAP have discovered what works to create interest and demand from teachers, pupils and parents in careers in the industry. These were a series of practical experiments designed to rethink the industry’s approach to careers fairs and industry collaboration. There is a need to work with schools and LEPs to develop careers guidance for the industry.

5.33 Manufacturers state they are confused by the mix of training provision, funding systems etc., and have identified that they need a credible industry expert(s) to help interpret and promote training across all industry. TAP has led Employer Skills Groups - with major industry players - to support the development and uptake of training in Greater Manchester.

5.34 Employers need to be put at the heart of the education and training system. They claim that young people are not employment ready. It is important to state to employers what the publicly funded system can do for them, and what is expected in return to develop their workforce, including demonstrating the impacts of working with young people and apprentices.

5.35 There needs to be a national skills strategy for the fashion and textiles sector, possibly part of a sector deal with fashion/textiles and retailers. Opportunity exists for sector support to achieve wider socio-economic objectives, e.g. through an Intermediate Labour Market programme to support people into work.

5.36 Retailers and manufacturers emphasise the growing importance of design and innovation in driving the success of the sector; however there is no single centre in the UK that brings together the different disciplines of technical textiles, advanced materials, fashion and design, and garment making.

5.37 The lack of large supply-chain ‘Primes’ also highlights an urgent need to develop stronger networks with and between centres of fashion and textiles in the research. There are several smaller textiles innovation hubs, but no major centre that brings different disciplines together to support industry.

5.38 There is no over-sarching innovation strategy for advanced textiles in the UK, as can be found for other leading growth sectors such as composites manufacturing, aerospace and automotive, life-sciences, and energy. The strategy must set out “road-maps” for the main areas of market opportunity, as well as identifying key technology and areas of research - how close to market these are, and whether the UK has the capability to ensure these are realised.

5.39 The TGF proves the importance of having a dedicated and knowledgeable team of advisors, coupled to a strategic organisation that has worked with national bodies, and in particular local government, to identify the main barriers and opportunities for growth, and identify the potential ‘winners’ firms. The initial field research supported by Local Authorities provided a project pipeline of 50 firms for RG4 support, and a further 100 firms for RG19. The work also supported the creation of a database of 2,000 firms which could be tracked throughout the lifetime of the Programme, identifying winners and firms at risk.
6. Recommendations

SECTOR REPRESENTATION AND STRATEGY

Recommendation 1: Ensure that the industry continues to act with one voice, and that the UK’s Industrial Strategy recognises the importance of supporting growth in fashion and textiles.

6.1 The scale and recent performance of the sector, and what has been achieved by Regional Growth funds, shows that there is a significant growth opportunity already being realised by the industry. Critical to this success is the industry’s willingness to invest, which has been backed by a range of organisations including Central Government (including small business), Local Authorities and LEPs, UKFT, BFC and other fashion and textiles sector representatives, at national and local levels.

6.2 Government must support national sector representative bodies to ensure business support is designed by and for industry. This support must work ‘cross-sectorally’ to ensure that different sizes of firms, and sub-sectors within the industry, are heard, and act with one voice. The UKFT and BFC, have been critical in their work with local bodies that support growth.

6.3 Government must recognise the impact of working with Local Authorities/Combined Authorities, Local Enterprise Partnerships, and Growth Hubs/Local Agencies. The Government’s Industrial Strategy needs to recognise that business development programmes work best when they are tailored to local challenges and priorities. The local relationships and trust built over the duration of TAP and TGP have allowed firms and support agencies to be entrepreneurial.

6.4 There needs to be a national skills strategy for the fashion and textiles sector that helps ensure a fair share of Adult Skills funding. It is important to note that there is no representation from a ‘Sector Skill Council’ to represent industries’ needs.

6.5 Equally there is no over-arching innovation strategy for advanced textiles in the UK. Government with universities and InnovateUK must set out innovation and technology ‘road-maps’ for market opportunities, including key technologies and areas of research in the UK.

GROWING SUPPLY CHAINS AND TRADE

Recommendation 2: Continue to support mapping of the UK supply chain and the development of a national textiles supply asset register.

6.6 Government should work with industry partners, LEPs, and sector bodies to ensure a fully funded mapping the supply chain – as piloted in Greater Manchester and developed in tandem by the UKFT Lets-Make-It-Here database. These databases have been pivotal in helping target investment, as well as helping new firms enter the market. A fashion and textiles register will attract foreign buyers to source UK production and encourage inward investment.

Recommendation 3: Retailers to work with major fashion and textiles manufacturers to develop training content and workshops on the procurement of product in the UK.

6.7 UK Manufacturers want retailers to have a stronger appreciation of manufacturing process, closer working on buying, sampling, timing and scale of orders, and to work together on the promotion of Made in Britain ranges. There are already pilot workshops on buying in the UK that could, with support, be rolled out across the UK.

Recommendation 4: Government should convene a summit with retailers and manufacturers to address payment terms which is holding back growth and supply chain development.

6.8 The Government’s Industrial Strategy needs to address the pressures experienced by small and micro-size firms that have found the payment terms of larger customers a significant barrier to business investment and growth. Promoting and rewarding good practice and the use of new financial tools, such as payment intermediaries, could also help in the short-term.
Recommendation 5: Support manufacturers to attend international trade fairs, promote Best of British events, and develop a fully integrated business export offer for UK fashion and textiles.

6.9 In the light of Brexit, and growth in demand for UK fashion and textiles exports, Government and the Industrial Strategy must outline their support for national and international trade fairs. There is a need to support meet-the-buyer manufacturing events that will help raise the profile of UK industry, both nationally and internationally. Such events are frequently held in other major textile manufacturing nations, offering general networking, meet-the-buyer events and workshops.

6.10 Due to the micro-nature of the supply chain, few UK manufacturers have the resources to fund this type of event. Although retailers have shown some interest in offering support, much of their sourcing is conducted overseas and therefore Government support and trade body sponsorship is necessary to overcome funding gaps.

6.11 The Government should seek to work much more closely with Business Growth Hubs and sector bodies such as the UKFT and BFC to create a fully integrated business export offer in delivery planning, and sharing of sector/market expertise. This will enable a far greater focus on targeting which should be founded upon evidenced spatial strengths and opportunities.

**INVESTMENT**

Recommendation 6: Secure future funding for a dedicated fashion and textiles business development programme which uses local networks and support to develop local solutions.

6.12 The emerging growth potential of UK fashion and textile manufacturing, and the micro-size nature of the sector’s firms, highlights the need for dedicated fashion and textile manufacturing business development programmes. The aim should be to build upon the success of two successive NBrown National Textiles Growth Programme to:

- Provide investment to support the scaling-up of micro-enterprises into SMEs; encourage collaboration and consortia, as Government has already done in the aerospace and automotive sectors, to cost-effectively support training, trade and investment;
- Support the scaling up of Tier 1 manufacturers and encourage retailers to invest in the UK fashion and textiles sector - this will help lift the performance of the whole sector; and
- Support investment to secure growth opportunities in the ‘circular economy’ including the re-use and recycling of existing textiles resources, and new substitute materials.

6.13 Post-Brexit the UK will need to be much more long-term and proactive in its thinking on attracting inward investment if we are to remain competitive for international investment. This is best achieved through a consistent UK approach where long-term targets for fashion and textiles are jointly identified with Local Enterprise Partnerships so that local place-based strengths are constantly promoted in the wider UK industry offer.

6.14 The Government can support this through encouragement of business clustering, in particular encouraging a concerted approach to investment within the densest clusters of textiles businesses, employment, and research assets by building on the investment success within Greater Manchester, West Yorkshire, Lancashire, Leicestershire, Derbyshire and Nottinghamshire.

6.15 Growth Hubs have a role to play in coordinating and simplifying the local business support landscape, and should remain an integral part of the Government’s ambition to drive local growth and productivity and commercialisation of ideas. One of the key success factors in delivering the NBrown TGP has been the tailored support to help businesses to become investment-ready in order to access grant funds, or re-approach mainstream lenders.

6.16 Feedback from manufacturers has highlighted the importance of giving manufacturers access to both capital and revenue grants. The blend of support has given industry the confidence to invest more and quicker than planned. It has also been the catalyst that has enabled raise additional investment across fashion and textiles firms, including new product innovation, workforce development, and apprenticeships.

**INNOVATION**

Recommendation 7: Support the investment in a Global Centre of Excellence for Textiles Innovation located within the densest concentration of fashion and textiles firms and research.

6.17 The industry has identified that, to capitalise on growth and to retain our global competitive position in many areas of advanced textiles, will require investment in a Global Centre of Excellence and specific innovation fund for the textiles, fashion and materials industries. The Centre would be the first place in the world to put fashion and design alongside engineering, manufacturing and sustainable product/process development. The development of a Global Centre will only realise full impact if it is developed by and for industry – with the support of Government – and as part of a national network comprising other leading faculties around the UK.

Recommendation 8: Introduce a sector-specific innovation fund and competitions for fashion and textiles to support activity in areas where the UK has a natural advantage.

6.18 Several local strategic economic plans and Science and Innovation Audits have shown the importance of fashion and textiles manufacturing to local economies across the UK. The cluster of assets across the North of England and Midlands represents the largest clusters of fashion, textiles and materials research in Europe.

6.19 Investing in science, research and innovation will only be fully effective if it builds on place-based innovation networks, in particular if it is focussed within major concentrations of assets and industry capabilities. There are major growth opportunities for UK textile companies in medical textiles, composites and smart textiles. The UK also has significant potential market advantages in creating new, environmentally-friendly production technologies that will become more important in increasingly ethical-sensitive markets.

6.20 The fund should not be focussed exclusively on universities and research centres, but on giving companies access to, and purchasing power with those centres. Furthermore, any future set of ‘competition’ for funding has to work for both SMEs and micro-size firms; it must also help build an internationally-competitive textile innovation network that will engage with industry in identifying new commercial opportunities, providing business support and coordinating substantial SME development.

Recommendation 9: Support fashion and textiles firms to grow levels of innovation by facilitating a more proactive approach to taking part in sector innovation programmes in Europe.

6.21 Given the risks of Brexit and potential loss of collaborative research that has been critical for the fashion and textiles sector, Government should work with industry to support Euresists – Textile and Clothing European Technology Platform – which offers an opportunity for UK firms to engage in collaborative research and Horizon 2020 projects; and maintain the strength of the UK’s Intellectual Property protection framework, which is world leading, but which is currently based on EU law.

**SKILLS**

Recommendation 10: Urgent action is required by Government and industry to address immediate labour and skill shortages across fashion and textiles and the image of the industry.

6.22 Skills shortages, especially in Cut-Make-Trim (CMT), are acutely evidenced in national research, alongside growing skill needs emerging from rising demand in the luxury and fast-fashion sectors and in bespoke homeware. Overall, the number of skilled entrants into textiles needs to be increased if the current workforce size is to be retained in future.

6.23 A great deal of work needs to be done with schools, colleges, employers, parents and teachers to address the image of the industry. This will include the promotion of career pathways in the industry, and in particular using the good-practice from the fashion sector in creating attractive careers treatments for young people.

6.24 Government must also encourage better engagement between industry and schools, and promote both vocational and academic study with pathways on to postdoctoral research across all manufacturing. This will help to position UK industry as a leading place for innovation and high value manufacturing.
Recommendation 12: Government must support the creation of fashion and textiles skills strategy and roadmaps for training provision that will:

- Establish current resources and capacity within the sector and the projected growth requirements for training and innovation;
- Establish the sector skills requirements by reviewing existing NVQ modules and developing a comprehensive range of NVQ Level 3 and Level 4 (undergraduate) modules relating to textiles and fashion that best serve the industry;
- Establish a Foundation study year that fully integrates with apprenticeship/NVQ modules, enabling students to directly access degree-level Fashion and Textile Technology education;
- Establish educational pathways to postgraduate taught and research programmes;
- Establish the resource requirements necessary to sustainably support the ongoing skills programme in the UK fashion and textiles sector and the timeframe for delivery.
- Promote digital skills within all areas of fashion and textiles learning. This is vital to ensure the workforce is equipped to take advantage of new technologies associated with 'Industry 4.0'.

6.25 Government and industry should encourage further work to identify latent skills in the labour market that can be readily deployed in manufacturing, meeting immediate employer needs and giving time to develop a skills pipeline. This will include research to identify clusters of labour and skills, as well as support to help people move from the informal to formal labour market.

6.26 Government and industry support should also include Intermediate Labour Market programmes, and adopting good practice examples of working with returners to the labour market, e.g. Fashion and Textiles courses that have been delivered through the Offenders' Learning and Skills Service.

Recommendation 11: Government, manufacturing and retailers need to collaborate further to help develop the industry's full spectrum of training and education needs.

6.27 Manufacturers and retailers state that the "traditional" skills delivery model does not work due to the diversity of jobs in the sector. This results in insufficient volumes of learners, making training delivery and accreditation unviable for many education and training providers.

6.28 Government must support greater collaboration across industry and training providers to achieve the scale, volumes, and training content required to address the skills shortages that are holding industry back. More also needs to be done to ensure that employers have access to a fair share of the falling UK Adult Skills budget.

6.29 More needs to be done to encourage apprenticeships, promote the use of the apprenticeship levy across industry, and ensuring it is used to full-effect. In-work progression through higher and degree apprenticeships will not only increase productivity of the fashion and textiles industry, but also have a pull-through effect in the workforce, opening up entry-level opportunities for individuals who are entering the labour market for the first time.