

**Closed loops to start-ups. Spinning yarns to F1 cars. Skiing salopettes to transatlantic jets. World Championship green baizes to school jumpers and blazers. Cosy woollen blankets to avant-garde handknits. Blend separations to Lady Gaga collaborations. London buses to couture dresses. Fine worsted suits to Paris fashion shoots. Immaculate pleats to honeymoon suites. Conventional rotary to handmade hosiery. Waterless fabric finishing to countrywear for fly-fishing. Flatbed screen-printing to bespoke dyeing and tinting. Showrooms to weaving looms. Lightweight carbon fibre tops to boutiques and high street shops. Established since 1783 to brilliant bras that go beyond DD. Eveningwear to office chairs. Satchels to saddles. Jacquard to jackets. Mills to Mayfair. Taffeta to leather. Manchester to the Far East. Proudly made in Britain to the rest of the world.**

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## **Realising the growth potential of UK Fashion and Textile Manufacturing**

A report for  
**The Alliance Project and  
NBrown - National Textiles Growth  
Programme**  
May 2017

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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 repatriating 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 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 3,000 new jobs in the industry, and leverage £120 million private investment.

## Foreword

The UK economy comprises 84% 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 industry strategy. Hitherto, 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.

## 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.

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 many are high skilled 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 £27m of Government money, which in turn has leveraged £123m of private sector investment by 340 UK manufactures.

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 rebalancing 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. Textile innovation in the UK is ranked at No. 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 textiles manufacture 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 on 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 touchstone 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 work 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 Vince Cable Secretary of State 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, Leicestershire, 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 for free to ensure that the investment funds were committed efficiently. 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, Daliah Simble, Vikas Shah, Scott Tolsen, Simon Colbeck, John Walsh, Richard Jeffery, 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 Lord Alliance.

Finally, I would like to thank 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

# Executive Summary

## 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 NBrown 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 held 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).

- The sector has seen a significant rise in productivity during the last decade, and this report highlights the main findings from the Alliance Project's research on high-value fashion and textiles manufacturing. Innovation is taking place across the industry and its impact stretches across several other major sectors in a way not seen in other parts of the economy. Textiles are an important part of the value chains of aerospace, automotive, medical textiles, protective materials; and growth in the circular economy – using research intensive textiles production to provide solutions to the demand for material substitutes.
- The UK also remains a major centre for research and development, and textiles innovation. The majority of technical textile SMEs are located in Greater Manchester, Lancashire and Yorkshire, and in Leicestershire and Nottinghamshire. Textile innovation in the UK is ranked at No. 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 critical assets, developing a Global Centre for Innovation, that will act as a flagship and hub for the industry, reaching out to a virtual network of other centres of excellence, and replicating the success of the High Value Manufacturing Catapult.
- The remainder of this summary sets out the growth opportunity for UK fashion and textiles, along with key findings from the work of TAP and the TGP investment funds. It sets out a series of key messages (for manufacturers, retailers, education and training providers, universities, Central and Local Government, and relevant sector bodies), and recommends the actions required to help ensure that the UK fashion and textiles industry reaches its full potential.

## 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 £9.1 billion (in 2016). ONS estimate that the industry directly employs 90-100,000, rising to 127,500 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 (£6.3bn 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.
- **Consumer spending.** The ONS Consumer Trend Survey shows that spending on clothing totalled £65 billion in 2015 (up to £70 billion including fashion and accessories), 6% up on the level in 2014, and 28% higher than 2010. Renewed confidence since the recession has meant that spending on men's and women's outerwear was the fastest growing segment in the apparel market in the last 5 years. Evidence on the wider textiles sector shows that consumer spending on household textiles in the UK rose from £6.3 billion in 2010 to £7.1 billion in 2015, and MINTEL forecast that the homeware market will grow to £10 billion by 2020.
- **Case for UK sourcing.** The research confirms that the rationale for sourcing from low cost countries has weakened, and it is not only permissible but desirable to procure fashion and textiles product from UK manufacturers. Many more UK retailers are realising the full costs of procuring product from overseas, and are moving their business plans from gross to net costing, where margin erosion and security of supply can offset additional unit production costs in the UK.

- 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 are 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 UK's 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 4,450 jobs - of which there are 380 apprentices.

## KEY FINDINGS 2 – ADDRESSING THE BARRIERS TO GROWTH

- 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 industry has been critical to everything TAP has achieved. The funds and support of both Government and retailers has given manufacturers the confidence to invest.
- **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 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 4,450 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. The fund has been the catalyst that has lifted investment in other parts of businesses, such as product innovation and workforce development.

- **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.
- **TAPs innovation research work** included a detailed study in 2016 on the main advanced fashion and technical 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 total 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.

- TAP used the research and worked closely with industry to develop new approaches 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, that provided an interactive experience of manufacturing delivered to over 5,000 students, teachers and parents.
- TAP initiated an Employer Skills Group in 2014 which has successfully linked employers to training provision, as well as: supporting the development of the of 'trailblazer' apprenticeship standards for the manufacturing of sewn products, and developing a pre-apprenticeship programme for entrants to the industry; and supporting 3 new Skills Academies, and 'Textiles Skills & Employment Portal' where employers and training providers can log new opportunities.

## KEY FINDINGS 3 – SUSTAINING SUCCESS

- There are several lessons learnt throughout the delivery of the Alliance Project and the National Textiles Growth Programme - evidenced by and for: manufacturers, retailers, universities, education and training providers, government, and other relevant sector / trade bodies. This section provides a summary of these lessons, detailed in the main report, setting out what different stakeholders need to consider in order to develop the sector to its full potential.

### Manufacturers

- 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/OEMs. They also want to see retailers support long-term investment in UK supply chains.
- Manufacturers highlighted that another investment fund would have a significant impact on the industry, it would help build upon the investments made to date, and help open up new market opportunities. They also stated that having an industry-led board on the TGP has led to better investment decisions and helped them to think about how to best maximise the funds impacts.

- Manufacturers stated that the investment/grant funds have benefitted their business by allowing a combination of capital and revenue investments – and given them confidence to grow. And they want access to similar funds in the future. Analysis of the project pipeline shows that the TGP investment has been a catalyst for growth upstream and downstream in the supply chains of textiles and within other related industry sectors such as automotive.
- More needs to be done to connect retailers with manufacturers to influence buying behaviours and practices. In particular, manufacturers want closer working with retailers and their buying teams to ensure that they are able to deliver what retailers want in an effective and efficient manner.
- Manufacturers also want retailers to have a stronger appreciation of the manufacturing process and state that more needs to be done to address the scale and timing of orders placed by UK retailers. More needs to be done to coordinate 'Made in Britain' promotions and ranges.
- Manufacturers want continued support from Government and retailers to address skills shortages in their workforce. Employers continue to state that young people are not employment ready, and they want support and guidance to reduce the perceived risk on their business.
- 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.

### Retailers

- Retailers want more information about the capacity and capability of the UK fashion and textiles sector. It is 20 years since retailers procured in the UK, resulting in weak supply chain knowledge and supplier dislocation.
- Retailers have realised that the gains from on-shoring can offset additional costs due to 'margin erosion' and inventory risk, but they want manufacturers that are able to respond quickly with shorter runs and lead times.

- 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 marketers, 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.

## Further education and training providers

- Despite several achievements to encourage investment in skills, this issue is still furthest away from achieving the sector’s ambitions for growth. As previously stated earlier, the sector comprises mostly micro-size firms with no major Primes to support investment. Textiles firms have a propensity to under-invest in skills due to perceived risks in losing trained staff to local competitors. Both manufacturers and retailers state that 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.
- Manufacturers state that the sector’s expansion and new jobs created by investments is driving demand for skilled labour at all skill levels from entry to graduate roles. However, they also state that the ‘traditional’ skills provider delivery model does not work due to the diversity of jobs in the fashion and textiles manufacturing sector.

- Cuts to Adult Skills funding means that there is a scarcity of resources 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 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(s) 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.

## 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 large supply-chain ‘Primes’ also highlights an urgent need to develop stronger networks. There are several smaller textiles 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 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 technologies and areas of research.

## 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 is the place they are located – the communities and neighbourhoods where people live and work, and where businesses invest and 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 sectors 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.

## STRUCTURE OF THE 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.

1. Euromonitor (2017): Global market for apparel

2. McKinsey (2017): The State of Fashion – Value of fashion in 2016

3. Grand View Research (2015): Technical Textiles Market By Technology, End-Use, and Segment Forecasts to 2022 (\$193bn)

4. Bain & Company (2017): Luxury Goods Worldwide Market Study, Fall-Winter 2016

5. ONS (2014): PRODCOM (textiles, clothing, leather and related accessories)

6. The Alliance Project (2014): Repatriation of UK textiles manufacture

7. British Fashion Council (2015): The Value of the UK fashion Sector (Oxford Economics for the BFC) - The fashion industry’s direct economic contribution to UK GDP was collated by analysing the industry’s profits and wages across a wide range of fashion products – including clothing, accessories and footwear, as well as fashion marketing and related media (see report for full product listing)

8. ONS (2014): Business Register and Employment Survey; and ONS, Labour Force Survey

9. TBR (2016): Textiles study on economic output and employment for Leicester and Leicestershire Local Enterprise Partnership

# 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.<sup>1</sup> The wider ‘global fashion industry’ is estimated to be worth £2 trillion, and this includes fashion marketing, fashion publications, and accessories.<sup>2</sup>
- 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 £155 billion to the global economy in 2015.<sup>3</sup>
- 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.<sup>4</sup>

## 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 £9.1 billion.<sup>5</sup> Broadly, 56% of total turnover relates to the manufacture of textiles, 33% 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’.<sup>6</sup>

- 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.<sup>7</sup>

## UK EMPLOYMENT CLUSTERS

- 2.8 The ONS Business Register and Employment Survey estimate that there are over 100,000 employees in UK textiles and clothing, excluding the self-employed and employees in non-wovens, textiles testing services, and laundry services.<sup>8</sup> Separate studies suggest this figure does not capture those employed through recruitment agencies, nor the self-employed.<sup>9</sup> The ONS, resident Labour Force Survey, which includes self-employed, shows that there are 127,500 nationally.
- 2.9 The industry is dominated by SMEs and micro businesses with over four-fifths 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 Leicestershire, and the West Midlands. Greater Manchester also has one of the largest concentrations of homeware textiles, and technical textiles sub-sectors in the UK.
  - West Yorkshire has one of the largest spinning and weaving sectors, excluding those also employed in new technical textiles industries and textiles finishing.

- The South East Midlands and Northamptonshire have the highest number of employees within Leather accessories and footwear.
- 2.12 The sector has seen significant growth in the period following the recession, driven by rising domestic and export demand. New employment opportunities have already been created in some of the areas of high public sector spend, including entry level jobs, as well as high value jobs - in areas that need both types of work. The Labour Force Survey suggests that a quarter to a third of jobs in textiles are undergrad/graduate level.
- 2.13 Economic modelling by the Alliance Project, using data from the baseline study, market data and TGP investments suggests that the industry can add a further 10,000 net new jobs, and contribute £500m more to the UK's economy each year, by 2020. This forecast is supported by the National Textiles Growth Programme where the current end-of-programme profile contains projects worth a total of £150 million investment, which will support 4,450 jobs before 2019. These jobs are created across a range of skills levels, including 380 apprenticeships.



**Employed in textiles (exc self employed)**  
 1,000+  
 750 to 999  
 500 to 749  
 250 to 499  
 0 to 249

**FIGURE 1: MAJOR CENTRES OF TEXTILES EMPLOYMENT IN THE UK (MAP SHOWS TOTAL EMPLOYMENT, AND TABLE SHOWS EMPLOYMENT BY SUB-SECTOR)<sup>10</sup>**

Top 10 textiles employment areas featured in the Alliance Report	TOTAL	Spinning Weaving Knitted cloth	Dyeing and finishing	Car-pets, rugs, cords, ropes	Other technical & industrial textiles	Home-ware - soft furnishings	Cloth-ing: Leather & work-wear	Cloth-ing: under-wear/outer-wear	Cloth-ing: and apparel - ho-siery	Leather acces-sory and foot-wear	Other textiles man-ufactur-ing n.e.c.
Great Britain	101,000	9,500	8,200	5,300	5,700	27,300	3,300	26,600	4,400	8,300	2,400
England and Wales	92,900	7,800	7,600	4,900	5,400	25,700	3,100	25,400	3,200	7,500	2,300
London	13,500	C	1,300	C	C	2,500	C	7,900	C	C	C
Greater Manchester	9,200	800	600	1,000	1,000	2,900	C	1,500	800	C	C
Scotland	8,000	1,700	600	C	C	1,500	C	1,300	1,200	800	C
West Yorkshire	8,100	2,800	700	1,000	400	1,500	C	1,200	C	C	C
West Midlands	6,500	C	C	C	C	C	700	4,500	C	C	C
Derbyshire and Nottinghamshire	6,100	700	C	C	C	2,000	0	1,400	900	C	C
Leicester and Leicestershire	6,100	C	900	0	C	300	C	3,100	700	C	C
Lancashire	5,100	700	500	C	C	1,600	C	600	C	600	C
Eastern Scotland	3,800	1,200	C	0	C	700	C	C	1,100	C	C
Northamptonshire	3,200	C	C	0	0	C	0	500	C	2,500	C
South West Scotland	3,000	C	C	C	C	700	C	500	C	700	C
South East Midlands	2,900	C	C	C	C	C	C	600	C	1,500	C

10. ONS (2014): Business Register and Employment Survey (figures exclude the self-employed). C = Confidential, Statistics of Trade Act disclosure

### 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 £70 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 spend, totalling £26.9 billion in the UK in 2015, compared with £14.1 billion on men's outerwear. This growth is predicted to continue. MINTEL forecast womenswear to rise to £31.5 billion, and menswear to £17.2 billion in the next 5 years.<sup>11,12</sup>
- 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; and
  - 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.<sup>13,14</sup>
- 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, embroidery and knitwear - the more the market can be made in the UK. Evidence from manufactures 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.'

**FIGURE 2: GROWTH IN DEMAND FOR UK FASHION AND TEXTILES MANUFACTURING SINCE 2014<sup>15</sup>**

Then (Alliance Report)	Now (additional findings)
The Alliance Report took retailer and manufacturing data on production costs (e.g. wages, materials, distribution costs, and discounting) to analyse where production in the UK was economically permissible	
Homewares, where there are high levels of automation and design content	Growth in UK companies manufacturing sofa, bed, cushion at both high and low price points
Luxury, upper price point apparel ranges where growth in re-shoring is strongest	Luxury still significant, but growth in demand at several other price points, including upper and mid-market price points in clothing
Fast fashion where speed to market is important	Growth in fast fashion for garments at upper and low price points where newness of design remains key
Growth in the demand for staples made in the UK, where there are high levels of automation	Growth in staples and rapid growth in fully factored garments in knitwear and jersey

11. MINTEL (2016): Womenswear UK; and MINTEL (2016): Menswear UK

12. ONS (2017): Consumer Trend Survey data for 2010 to 2015 (latest)

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

- **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 uplift 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 repatriation 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 of industry (by retailers and manufacturers) to ensure higher levels of productivity to make on-shoring work.

## HOMEWARES SECTOR

- 3.7 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 premium 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 demography - an ageing population, and fashion conscious millennials entering the property market.
- 3.8 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 see growth – with an estimated market value of £10 billion by 2020.

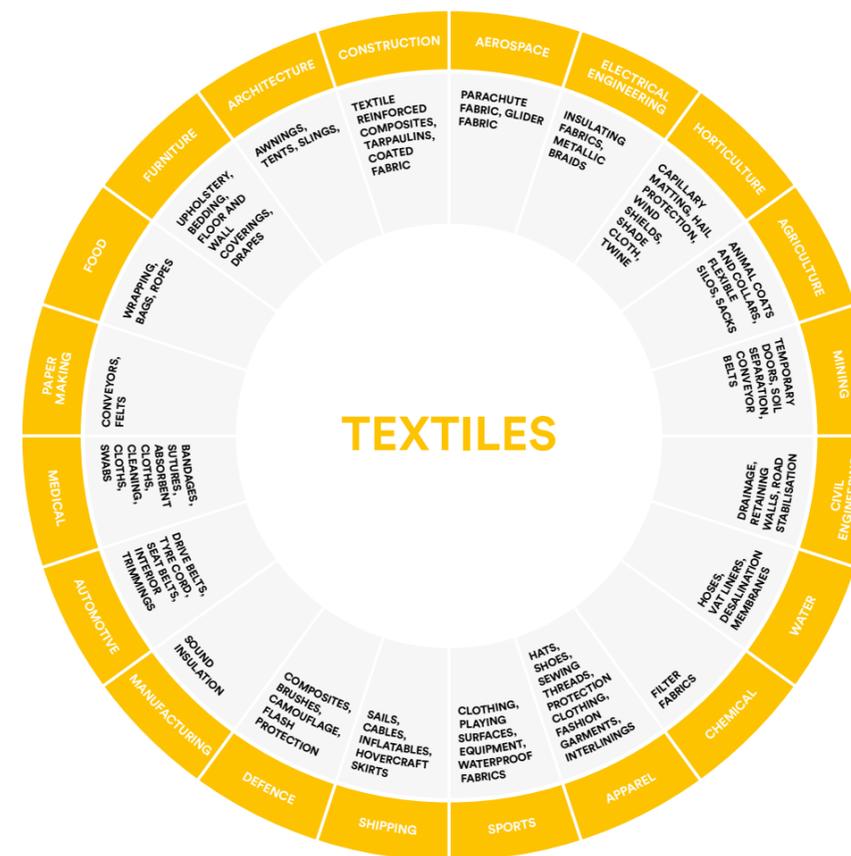
## TECHNICAL TEXTILES SECTOR

- 3.9 The UK's technical textiles sector was worth over £2 billion in 2016, and the UK remains a major centre for R&D and textiles innovation - the vast majority of technical textile SMEs are located in Greater Manchester, Lancashire and Yorkshire, and in Leicestershire and Nottinghamshire.
- 3.10 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 and ranked No.3 in the world and No.1 in Europe in International Science Citation Index papers between 2000 and 2015.<sup>16,17,18</sup>
- 3.11 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\$14.7 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; auxetic 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.

- 3.12 The study re-iterates the importance of innovation within fashion and clothing, and challenges conventional thinking that UK fashion and textiles is a low Research Intensity (RI) sector. The total R&D spend, as a proportion of total turnover across the industry, is just under 5% but above the average for all manufacturing industries. The analysis also showed that over four-fifths (85%) of firms were looking to introduce a new product and/or service in the next 12 months; and that just under three-quarters (69%) said they had invested in R&D utilising new manufacturing technologies to create more efficient and effective manufacturing systems.<sup>19</sup>
- 3.13 Despite being a mostly micro-size industry, UK firms have still managed to adapt their physical and intellectual capacity to exploit changes in technology as manufacturing has become faster, more responsive to changing global markets, and much closer to customers. High value textiles production also contributes to the value chains of several other industries including aerospace, automotive, life-sciences, digital and creative industries, and retailing – shown in figure 3 below.

FIGURE 3: THE IMPORTANCE OF FASHION AND TEXTILES INNOVATION ACROSS UK MANUFACTURING



16. World Intellectual Property Organisation (2015): International Intellectual Property Database  
 17. SCI: Index originally produced by Thomson Reuters and covers more than 6,500 notable and significant journals, across 150 disciplines, from 1900 to the present  
 18. Yi Li (2015): Review of global textiles patents and SCI papers 2000 to 2015 and outline UK Textile Technology Roadmap  
 19. The Alliance Project (2016): Research & Development in UK Fashion and Textiles Manufacturing

## TRADE

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.<sup>21</sup> 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 4: UK TEXTILE EXPORTS, 2006 TO 2016<sup>20</sup>

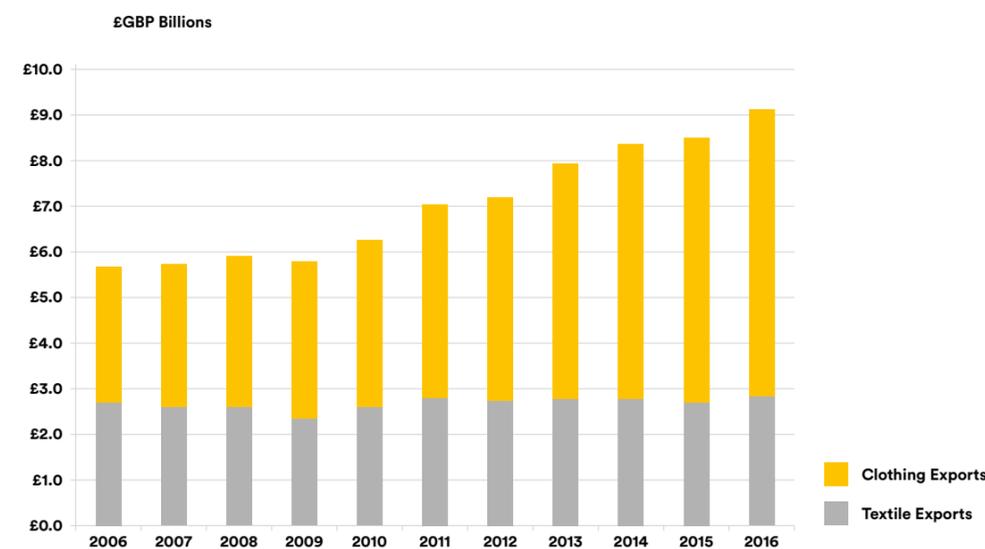
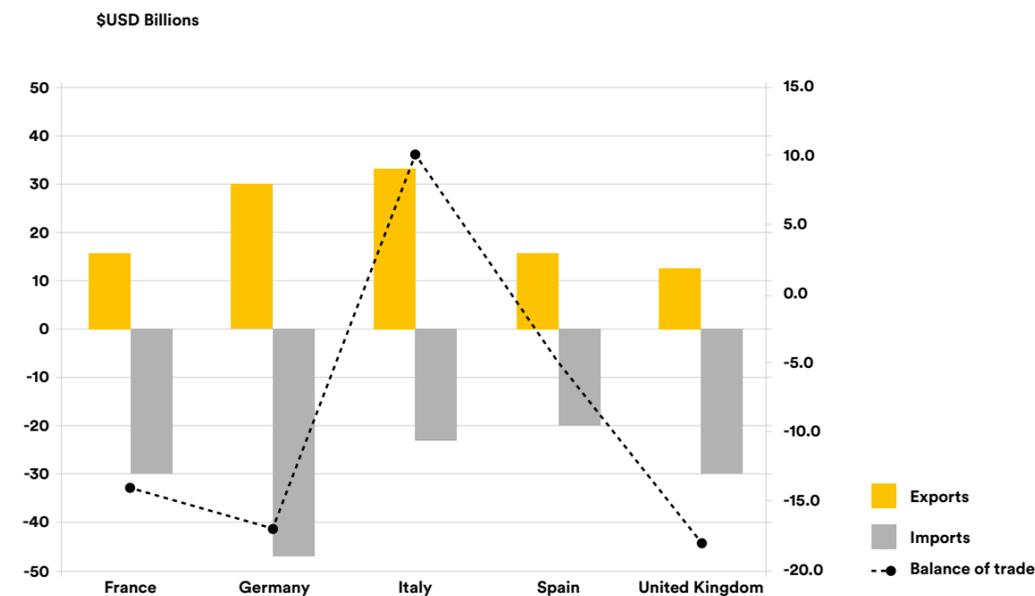


FIGURE 5: BALANCE OF TRADE IN UK AND EU 'BENCHMARK' COUNTRIES IN \$USD, 2015<sup>22</sup>



## 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.

- **Payment terms.** Retailer payment terms being less regulated in the UK than many other countries mean that UK suppliers often 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.

### 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.

### ENABLING GROWTH

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

### Research, supply chains and trade

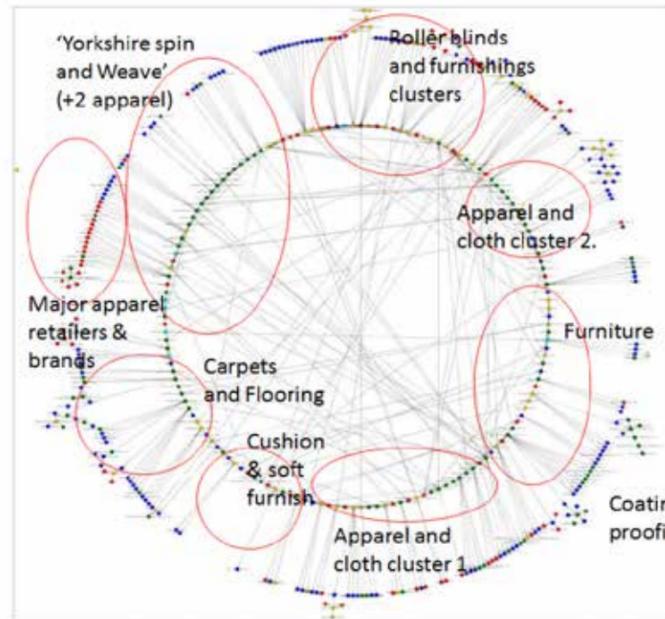
4.4 From the outset, TAP decided to build in data capture and analysis in all four programmes of work in the Alliance Report, which has optimised what the team has been able to achieve. TAP has used this data to challenge what national statistics said about the industry (given the lag in publication)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

4.6 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.

20. UK TradeInfo (2016/17): Exports of textiles and clothing; and World Trade Organisation  
 21. UK TradeInfo (2016/17): Exports, Imports, Balance of Payments. 45% of textile imports and 25% of clothing imports are from the EU  
 22. World Trade Organisation - Expressed in US Dollars to allow comparisons between countries in purchasing power parity

FIGURE 6: EXAMPLE NETWORK MODEL FOR FASHION AND TEXTILES MANUFACTURERS AND RETAILERS



- 4.7 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 dyeing and cloth finishing.
- 4.8 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.

- 4.9 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.
- 4.10 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.

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.

## Investment

- 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:<sup>23</sup>
- Worked with 500 textiles businesses, and made 340 investments worth a total of £150 million.
  - This included: £27 million of public money matched by £123 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 allowed them to progress new product development (innovation and R&D spending).

### 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 service.

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 a worsted and fancy yarn spinning company who, in 2010, re-shored 100% of its manufacturing back to the UK.

23. NBrown National Textiles Growth Programme management information profile as at 12 April 2017

## Innovation

- 4.13 The Alliance Report highlighted the absence of large OEMs 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 specialisms 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.

- 4.15 The study also calls for further work on Technology Road-Maps for the industry, as part of a wider national strategy on fashion and textiles innovation, and also identifies the need for investment in a national facility which will support innovation and technology integration within the industry. TAP therefore delivered several workshops that brought universities and industry together to identify and scope out a UK Global Centre of Excellence in Textiles Innovation.
- 4.16 The Centre must bring different disciplines together (fashion, manufacturing, materials, research) and be located within the core of industry and research clusters. It will be important that any investments build on the capacity and capability that already exists in universities and industry – eradicating duplication of facilities and acting as a hub central to industry's needs.

### 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 into 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.

#### 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 revolutionise wearer comfort and protective safety in garments for users such as the police.

## 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 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 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: Trainee 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 residents to re-join the industry. Outputs include 350 employers in attendance, 30 new jobs and 70 new apprenticeships via 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: THE GREATER MANCHESTER EMPLOYERS SKILLS GROUP

To meet employer demand for skills, education and training providers need to be supported to develop specific technical training content, and employers supported to work with local training providers with high quality information about funding and training. TAP initiated an Employer Skills Group in 2014 comprising both large firms and SMEs within apparel production, homewares, and technical textiles. The Group is chaired by the major international corporate Milliken Industrial Ltd. The aims of the Group are to:

- define and steer the key priorities and the textiles skills agenda across Greater Manchester;
- identify and secure appropriate training provision;
- confirm actions required to address skills issues;
- assure and challenge existing strategies;
- identify and champion best practice;
- champion the sector and help increase the number of companies addressing skills issues;
- be instrumental in promoting and lobbying on sector issues ; and
- encourage collaboration, using joint resources to identify, plan and train an appropriate skill base

The Group has successfully linked employers to training provision, as well as supporting the development of the 'trailblazer' 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.

#### CASE STUDY: TEXTILES SKILLS FAIRS AND THE FASHION AND TEXTILES 'POP-UP FACTORY'

Textiles Skills Fairs raise the profile of the industry and aim to change young people's perceptions of the sector by showcasing the local companies, and highlighting sector growth, career opportunities and progression routes. TAP delivered the first Textiles Showcase at the Rochdale Skills Show in 2014. The stand exhibited information and products from local textiles companies and highlighted career opportunities within Rochdale. A 'pop-up factory' was piloted at this event using borrowed machinery. Evaluation showed that participating young people felt better informed about the sector, and one-third said they would now consider a career in the industry.

Since this event, TAP has been inundated by local schools and councils across Greater Manchester and Yorkshire with requests to attend further events. Funding was secured in 2014 to buy the machinery needed to form the pop-up factory, and further events took place in Greater Manchester in early 2015, attracting 2,640 pupils from 23 schools.

TAP received further invitations to attend events from schools and career organisations, and in June 2015 The Cloth-workers Company agreed to support the skills showcase at four major skills fairs. The funding supported the pop-up factory to present careers in the industry to 8,586 visitors. 780 visitors to the textiles stands completed surveys about perceptions of the industry, and 500 young people took part in factory activities. A further 33 teachers provided feedback and expressed interest in future events across the North West and Yorkshire.

## 5. Lessons Learnt

5.1 The following section summarises the main lessons learnt throughout the delivery of The Alliance Project and the NBrown 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 funds have given the UK textiles supply chain confidence to grow,** and to identify new opportunities for growth and improve productivity. It has also given manufacturers confidence that the Government care about the future of the sector.
- 5.5 **Manufacturers have experienced exponential levels of growth in textiles exports.** The TGP fund has encouraged firms to expand into new markets overseas – in particular within women’s and men’s outerwear clothing.
- 5.6 **Manufacturers state that the investment/grant funds have benefitted 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-TGP 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 TAP, with UK manufacturers and retailers, show 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 manufactures 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, commissioners, 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 enter/return to the sector. Forecasts 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.** TAP 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 Labour Markets for Apprenticeships – 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.

### RETAILERS

- 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 ‘Lets-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 merchandise.
- 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 on-shoring can offset additional costs due to ‘margin erosion’ and inventory risk,** i.e. they lose more 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 off-shore locations.** 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 manufactures 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 workflow 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 between 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 just 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.

- **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.** This applied not just to those running the ‘Made in Britain’ campaign, but also to those selling ‘British’ brands but not made here.

## FURTHER EDUCATION AND TRAINING PROVIDERS

5.25 **Despite several achievements to encourage investment in skills (e.g. TGP investments, new training providers and academies, etc.) skills development is still the issues 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.

## UNIVERSITIES, RESEARCH ORGANISATIONS, AND INNOVATEUK

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 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-arching 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.

## GOVERNMENT, LOCAL/COMBINED AUTHORITIES, LOCAL ENTERPRISE PARTNERSHIPS

5.39 **The TGP 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 ‘winner’ firms. The initial field research supported by Local Authorities provided a project pipeline of 50 firms for RGF4 support, and a further 100 firms for RGF6. 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.

- 5.40 **The investment pipeline process has also 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, UK Fashion Textiles Association, British Fashion Council, and business referrals from manufacturers and retailers.
- 5.41 **The Alliance Project 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 skills projects.
- 5.42 **The unique combination of TAP and TGP RGF funds and the support of LEPs/Combined Authority has created significant momentum that would not have been achieved without their contribution.** Firms have stated that local backing (political and financial) has made them more confident to invest and create jobs – particularly where other place-based factors (development, planning, skills) have needed addressing.
- 5.43 **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 axis between people and place. It is the main factor that brings together businesses, assets, local communities and neighbourhoods.
- 5.44 **TAP has used its capacity, knowledge and expertise to mobilise local industry, alongside major national and regional assets such as universities and trade bodies.** TAP and the TGP have made several referrals to other mainstream support services that include Access to Finance, UKTI, the Growth Accelerator, MAS (when in operation), and local business mentoring schemes.

- 5.45 **Independent evaluation of the TGP shows funds have brought forward schemes that would not have taken place/been slower to realise without support** (minimising risks of deadweight); the rigorous project appraisal has helped to ensure that new investments do not displace activity within the industry. There is evidence too of additional/new growth through re-shoring. This typically relates to specific product categories rather than wholesale factory re-shoring.
- 5.46 The evaluation shows that **the RGF programmes have helped deliver jobs in some of the most impoverished communities in the UK.** The jobs created include semi-skilled entry jobs, opportunities for those currently outside the labour market, and graduate level and skilled jobs in technology-rich occupations.
- 5.47 **Overall, the textiles sector and related university expertise and research assets in the RGF investment target areas was 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.**

## 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 secondments), 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 business 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 it's 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 consistently 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** – 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 helped 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 Euratex – Textile & 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.

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.

**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'.

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