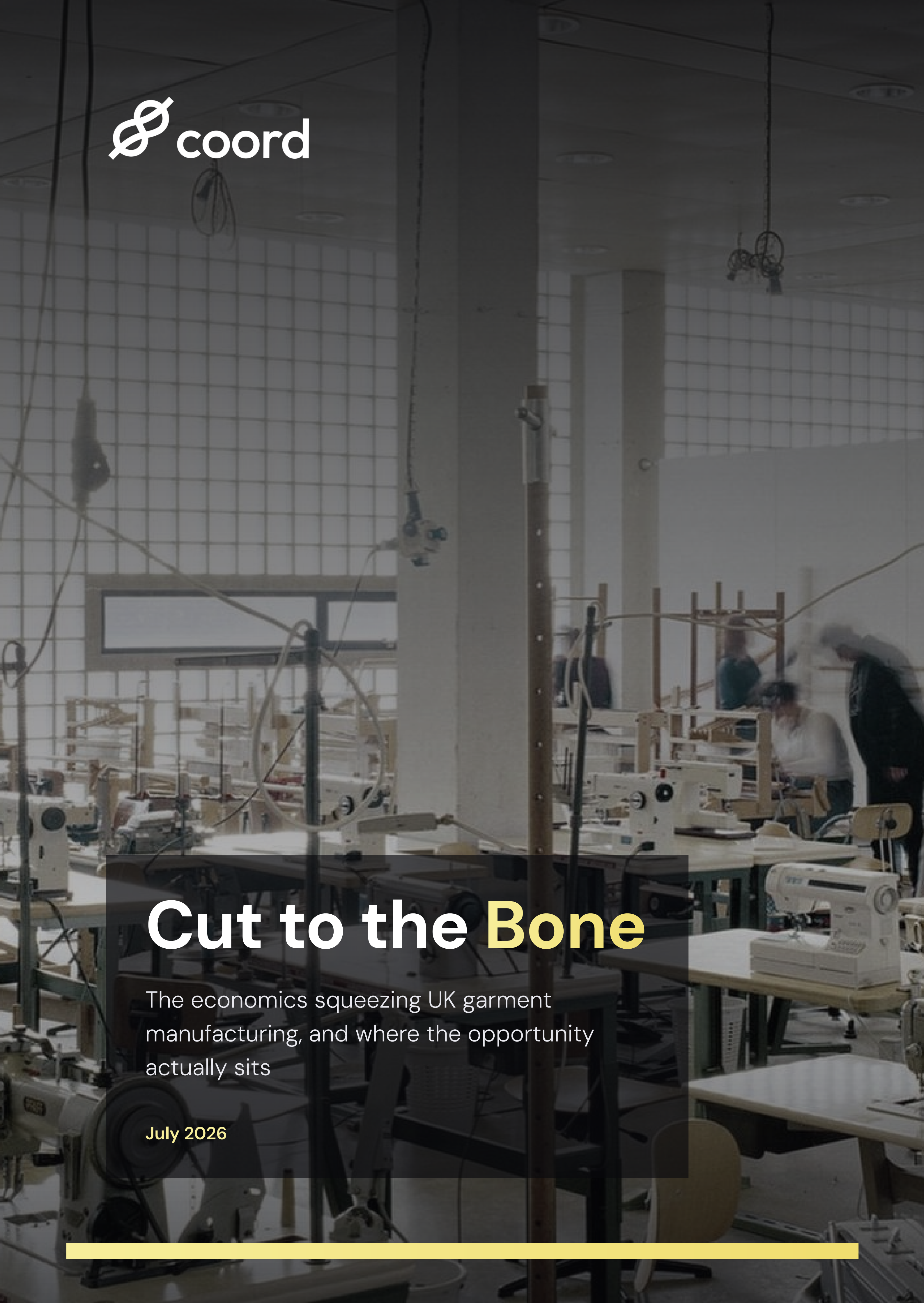


Cut to the Bone

The economics squeezing UK garment manufacturing, and where the opportunity actually sits

July 2026

Summary

- Under **3%** of the clothes worn in the UK are made here.[2] The base is small, roughly **69,000** textile and apparel manufacturing jobs,[3] yet the firm count has quietly risen, not fallen.[1]
- UK makers are the longest lived of the fashion trades yet the likeliest to fail through formal insolvency, and they carry the heaviest debt load in the sector.[1]
- The squeeze starts before production. **90%** bear full sample costs, **48%** have had their developed styles placed elsewhere, **40%** have taken below-cost orders, and payment terms have drifted from 30 to 45 days.[4]
- **75%** say brands give no forecast clear enough to plan. Makers commit capacity blind.[4]
- The cost base is rising faster than thin margins can absorb, employer NICs, the National Living Wage[7] and business rates[8] all moving the wrong way.
- The opportunity is real but conditional. The UK wins on speed, low minimum orders, tariff-friendly origin and provenance,[9] and digital tools[12] and regulation[14] are tilting the field, slowly.

Contents

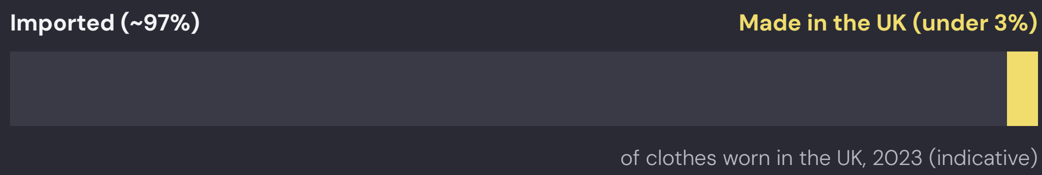
Britain has not forgotten how to make clothes. What it has is an economic model that makes doing so, at scale and at a profit, extraordinarily hard, and a set of shifts that could change that if the sector reads them right.

This report draws on COORD's analysis of the Companies House register[1] and on independent primary research, principally Transform Trade's February 2026 survey of 48 UK manufacturers,[4] UKFT's 2025 reshoring work,[10] and public ONS and policy sources.[3] Where evidence is illustrative or contested, that is stated. The sector wide failure picture sits in a companion report, The Quiet Collapse.

The shape of it

Start with scale, because it is routinely misstated in both directions. UK clothing and textile manufacturing is small. On the latest official figures it accounts for roughly 20,000 apparel and 49,000 textile manufacturing jobs in Great Britain, and around £5.5 billion of combined GVA, a fraction of a percent of the economy.[3] By the best available estimate, under 3% of the clothes worn in the UK are made here.[2]

FIGURE 1 — MADE HERE, BARELY



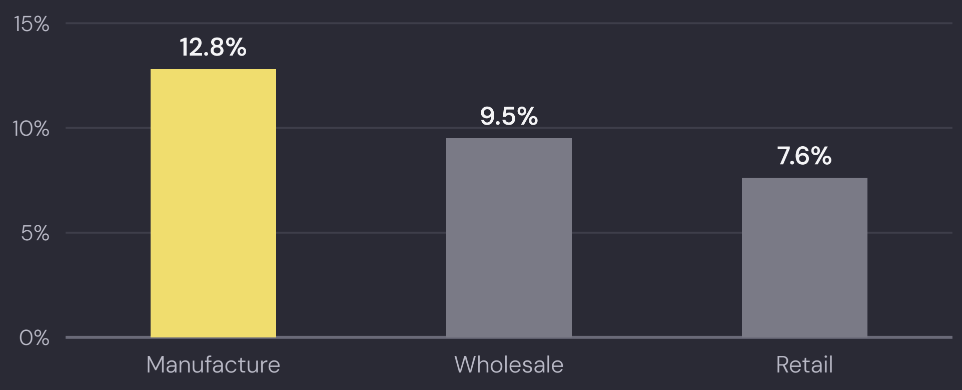
Estimated share of clothing worn in the UK that is manufactured domestically. Indicative secondary estimate. Source: Vogue Business citing Fibre2Fashion, 2024;[2] ONS jobs and GVA, House of Commons Library, February 2026.[3]

But small is not the same as dying. The counter-intuitive signal in the data is that the number of UK clothing manufacturers actually rose, from 3,305 in 2015 to 3,755 in 2022, with textile manufacturers up over the same period.[1] What survives is not a mass garment industry competing head-on with Bangladesh. It is a mixed economy of technical textiles, knitwear, workwear, premium and luxury, sampling, printing, repair and reactive small-batch production, the segments where speed, provenance, compliance and low minimum orders matter more than cheap labour. That distinction shapes everything that follows.

The paradox in the numbers

Of the three fashion trades, manufacturing looks the most durable. Its companies live longest, a median of 2.13 years against 1.83 for retail and 1.45 for wholesale. Yet when a maker dies it is the most likely of the three to go through a formal insolvency, 4.10% of dissolved manufacturers against 3.86% for retail and 2.20% for wholesale.[1] Durability and creditor exposure sit together, which is unusual, and the reason is debt.

FIGURE 2 — MAKERS CARRY THE MOST DEBT



Share of companies with registered charges (secured debt), by trade. Prevalence rises with size, from 7.1% at micro-entities to 91.1% at medium filers. Source: COORD analysis of the Companies House register.[1]

Manufacturing is asset and relationship heavy. It carries machines, premises, materials and people, and funds them with secured borrowing far more often than retail or wholesale.[1] That is what keeps a maker alive longer through a downturn, and also what turns a failure into a creditors' event that takes suppliers, lenders and staff with it. Why are businesses this embedded this fragile? The answer is in how they are paid.

Who pays to develop the product

The squeeze starts before a single unit is sold. Transform Trade's 2026 survey of 48 UK manufacturers found 90% bear the full cost of samples during onboarding and development, with weekly sampling exposure of roughly £1,300 to £4,000.[4] Some samples convert into orders, many do not, and the maker funds the difference.

FIGURE 3 — THE PURCHASING SQUEEZE

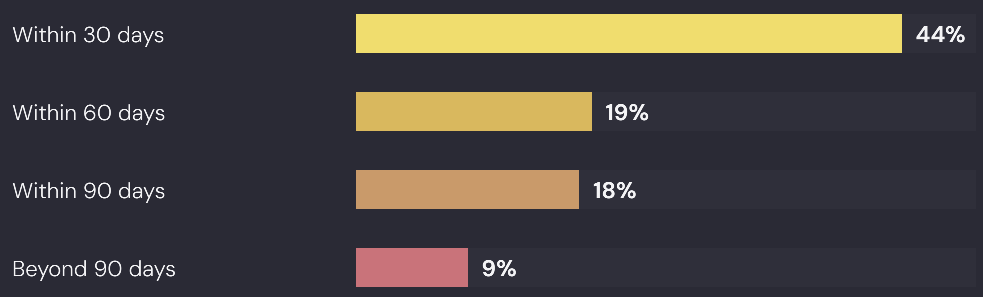
Selected findings, UK clothing manufacturers. Source: Transform Trade, "Who Pays? Brand Purchasing Practices in UK Fashion Manufacturing", February 2026, sample of 48 manufacturers.[4]

Development does not even secure the work. Just under half, 48%, reported that a brand had taken a style they developed and placed the production order with another factory, and 46% said the practice was common or very common.[4] The maker absorbs the cost and risk of bringing a product into being, then competes to keep the order it created. Few industries ask suppliers to fund product development on those terms.

Below cost, and paid late

Two in five manufacturers, 40%, said they had accepted orders below the cost of production, taking the work to keep a line running or a relationship alive.[4] On the margins involved that is not a loss leader, it is erosion of the little headroom the business has. Published factory accounts are scarce, but the structure of cut-make-trim work is well understood. In a worked costing example labour is around 90% of the working-minute cost and overhead the remaining 10%, leaving profit a residual of a few per cent to perhaps 15%.[5] Treat that as an illustration, not a UK benchmark, and the point still holds. There is almost no buffer.

FIGURE 4 — WHEN THE CASH ACTUALLY ARRIVES



Share of payments settled within each window. Standard terms drifted from 30 days in 2019 to 45 days in 2024. Source: Transform Trade, February 2026.[4]

And the cash arrives slowly. Fewer than half of payments now settle within 30 days and more than a quarter arrive after 60.[4] A business on single digit margins is financing its customers while it waits.

Making decisions blind

The last pressure is the one that connects this report to everything COORD works on. Makers commit to workforce, machinery and materials months ahead, without a clear view of what they will be asked to produce. In the Transform Trade survey, 75% said brands did not provide forecasts or seasonal buying plans clear enough to help them decide on workforce, machines and investment.[4]

We state the nuance precisely, because it is often overstated. This is not the same as saying three quarters of makers receive no forecast at all. Better Buying's 2025 index finds most suppliers do get some visibility, 84.6% globally, though down from 88.3% the year before, and only around a third receive a forecast 120 days or more ahead.[6] The problem is not total absence. It is that what makers get is too late, too vague or too unreliable to commit capacity or capital against.

This is the inventory decision gap seen from the other side of the order. Retailers commit stock before they know demand. Makers commit capacity before they know the order. Both are forward commitments made under avoidable uncertainty, and both are a decision problem before they are a data one.

A cost base moving the wrong way

Into that thin-margin, slow-cash picture, policy is adding cost. From April 2025 employer National Insurance rose from 13.8% to 15% and the threshold at which it starts fell sharply, adding roughly £800 a year to the cost of an employee on £25,000 before reliefs.[7] From April 2026 the National Living Wage rose to £12.71 an hour, around £25,800 a year full time before overtime, in a sector where cutting, sewing, finishing and pressing are still done by hand.[7]

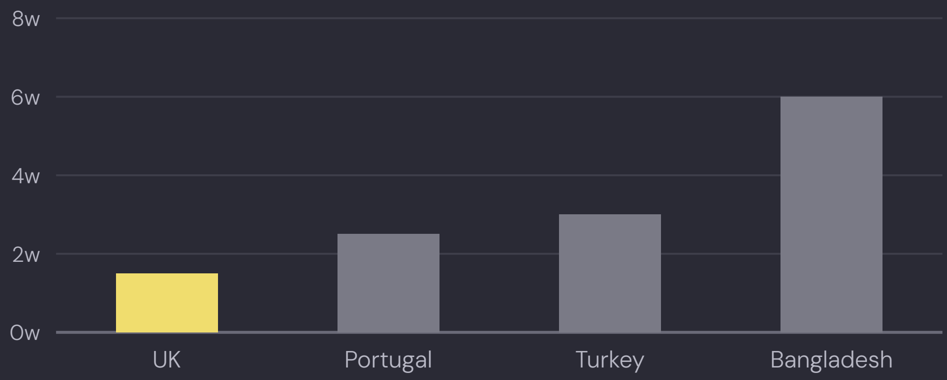
15%	£12.71	~£940m
employer NIC rate from April 2025, up from 13.8%, on a lower threshold[7]	National Living Wage per hour from April 2026[7]	extra annual business rates on manufacturers, industry estimate[8]

Business rates compound it. The 2026 reforms cut multipliers for retail, hospitality and leisure and fund it with a higher multiplier on larger properties, which can catch factory sites. Make UK estimates manufacturers will pay around £940 million a year more, an industry figure rather than a Treasury one, but directionally clear.[8] For a labour-intensive maker, each of these lands straight on a margin that was already single digit. The options are narrow, lift prices, raise productivity, move up the product mix, or absorb it.

Where the UK actually competes

The UK will not win on labour cost, and does not try to. It competes where higher wages are offset by speed, flexibility and proximity. Minimum order quantities are a fraction of offshore norms, roughly 50 to 300 pieces a style against 1,000 to 5,000. Lead times are shorter, and origin-compliant nearshore garments can enter key markets at 0% duty where many lines otherwise carry around 12%.[9]

FIGURE 5 — SPEED IS THE UK'S EDGE



Indicative total lead-time buffer by sourcing location, in weeks. Commercial buying-guide benchmarks, not official statistics. Source: apparel sourcing guides, 2025.[9]

That is why the reshoring story is real but conditional. UKFT's 2025 study of eight UK retailers with combined turnover of £26.1 billion found UK sourcing used mainly for knitwear, jersey, printing and low-volume test-and-react work, with only around a third of brands considering longer-term UK production.[10] Current industry thinking points to blended sourcing, farshore, nearshore and onshore, not a return to the 1980s. There are real moves back, John Smedley resumed third-party manufacturing in Derbyshire after a 40 year gap, backed by over £3 million of machinery investment.[11] There are also warnings, Burberry cut around 1,700 jobs in 2025 including the night shift at its Castleford factory.[11] Attention is not yet volume.

The digital answer, and its limits

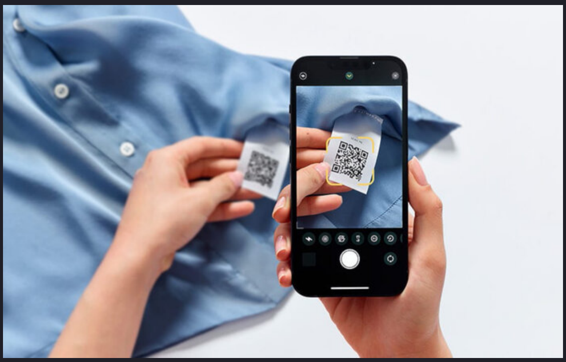
The productivity route is digital, and the policy behind it is now national. Made Smarter offers matched grants of up to £20,000 alongside roadmapping, leadership training and funded internships, and has extended across all English regions. Its wider innovation strand had, by 2025, engaged over 800 organisations, invested £112 million of grant funding and upskilled more than 8,000 people.[12] The garment case studies are genuine, one UK cyclewear maker cut its cutting process by 80% and lifted productivity fourfold, another reduced pattern revisions from hours to minutes.[12]

> "Made Smarter has given us the know-how, the confidence and the digital tools to take this business to another level."
>
> **Jake Wright, Managing Director, Lusso Cycle Clothing (Made Smarter, 2023)**

12

The caution is honesty about proof. Public evidence that adoption converts into durable financial gains is thin, and two flagship examples cut against a simple success story. One maker whose case forecast a 40% productivity gain later filed dormant accounts for 2023 and 2024, and a smart eco-factory saw its original company go through administration and dissolution, with only a successor entity trading.[13] Add a skills base UKFT calls a crippling shortage, with underfunded apprenticeships and whole regions lacking work-based training, and the reading is clear.[10] Digital tools are necessary, not sufficient. A grant buys a capability, it does not fix the purchasing terms.

Regulation, the slow tailwind



The last force is regulatory, and it favours the UK maker in principle. The EU's Ecodesign framework is in force and names textiles a priority for the Digital Product Passport, which rewards short, traceable, auditable supply chains, exactly what proximity buys.[14] For UK makers selling into the EU it is a market-access issue, not a distant one.

> "The digital product passport is not a distant regulatory concept, it's a fast-approaching reality."
>
> **Anne Godfrey, Chief Executive, GS1 UK (July 2025)**

[15]

Two caveats keep it honest. The textile-specific passport requirements are still to be set through a future delegated act, so any claim that garment-level dates are fixed is premature.[14] And a domestic textiles Extended Producer Responsibility scheme is still a blueprint, not law. The immediate effect for makers is preparation, better product data and traceability, rather than a fixed new cost. Alongside it, circular and repair capacity is becoming a real part of the UK's production footprint.

> "There's just no way you'd be able to get that level of real estate in London, the unit economics just wouldn't stack up."
>
> **Andrew Rough, CEO, ACS, on siting circular textile infrastructure (2025)**

[16]

What it means, and how COORD can help

Put it together and the paradox resolves. The UK maker funds development it may not be paid for, accepts orders below cost, waits longer for cash and plans capacity without a clear forecast, on the thinnest margins in the sector, the heaviest debt, and a rising cost base. That is why the most durable trade is also the most creditor exposed when it gives way. The failure is not a failure of skill. It is a failure of terms and of visibility.

Terms are for the industry and for policy. Visibility is where COORD works. The common thread through every pressure here is that makers, and the brands that source from them, commit capacity and capital before demand is known, precisely where speed and low minimums are supposed to be the UK's advantage.

Demand signals

Forward demand and trend signals so makers and their brand customers commit capacity and materials earlier and with more confidence.

Benchmarking

A maker's position against the UK manufacturing universe by size, sub-sector and region, and against the distress indicators across this series.[1]

Decision support

Signals turned into buying, capacity and credit decisions, with the trade-offs quantified rather than left to judgement.

Britain does not lack the skill to make clothes. It lacks the terms and the line of sight that let makers plan. The advantage the UK sells, speed and flexibility, is worth most to the maker who can see demand coming. Give them that and the failure rate stops looking like a fixed cost of making things here.

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METHODOLOGY AND SOURCES

Register figures from COORD analysis of the Companies House register, Open Government Licence. Purchasing-practice figures from Transform Trade, "Who Pays?", February 2026, 48 UK manufacturers. Cost-structure figures illustrative, from Fair Wear labour-minute costing, not a UK benchmark. Forecast comparison from Better Buying's 2025 Purchasing Practices Index. Jobs, GVA and firm counts from the House of Commons Library, February 2026, WRAP Textiles Market Situation Report 2024 and ONS. Reshoring from UKFT, "Reshoring for Real", 2025. Policy figures from GOV.UK and HMRC; the business-rates figure is a Make UK estimate. MOQ and lead-time figures are indicative commercial benchmarks, not official statistics. Grant and case-study detail from Made Smarter and London & Partners; case-study legal status from Companies House filings. Regulatory detail from the European Commission. Claims on reshoring volumes, fixed textile DPP dates and a domestic textiles EPR schedule are deliberately not made, as public evidence does not yet support them.

References

[1] Companies House, Find and Update Company Information, register and Free Company Data Product (bulk data), Open Government Licence v3.0. Fashion universe defined by SIC 2007 codes 13–15, 46420, 47710, 47721, 47722. All manufacturer counts, median survival, insolvency and secured-debt figures are COORD's own analysis of this register; see Methodology above.

[2] Vogue Business, citing Fibre2Fashion, 2024. An indicative, widely cited secondary estimate for the share of UK-worn clothing made domestically; COORD was unable to locate the original Vogue Business article to confirm exact wording, so this figure should be treated as directionally reliable rather than precise.

[3] House of Commons Library, *Onshoring in the fashion and textiles industry* (CDP-2026-0028), 9 February 2026, based on ONS Business Register and Employment Survey (BRES) and regional GVA data. Textile manufacturing: 49,000 jobs, £3,734m GVA (2023/24). Apparel manufacturing: 20,000 jobs, £1,817m GVA (2023/24). Combined GVA ≈ £5.5bn.

[4] Sabina Lawreniuk and Evie Gilbert (University of Nottingham), Nik Hammer (University of Leicester) and Hilary Marsh (Transform Trade), *Who Pays? Brand Purchasing Practices in UK Fashion Manufacturing*, Transform Trade, February 2026. Survey and interviews with 48 UK tier-1 clothing manufacturers, March–October 2025.

[5] Fair Wear, Labour Minute Costing methodology. Cited in this report as an illustrative cost-structure model, not a UK-specific benchmark.

[6] Cascale, Better Buying Purchasing Practices Index 2025, published 11 November 2025. COORD independently confirmed the index's year-on-year decline in its Planning and Forecasting score; the specific 84.6%/88.3%/120-day figures cited are as reported in the underlying index and were not independently re-derived by COORD.

[7] GOV.UK / HMRC: employer Class 1 National Insurance rate rose from 13.8% to 15% and the secondary threshold fell from £9,100 to £5,000 from 6 April 2025 (Autumn Budget 2024). Low Pay Commission / GOV.UK: National Living Wage rose to £12.71 an hour from 1 April 2026.

[8] Make UK analysis of rateable value changes 2023–2026, reported April 2026: UK manufacturers estimated to pay c.£939m a year more in business rates following the 2026 multiplier reform. An industry estimate, not an official Treasury figure.

[9] Commercial apparel sourcing and buying-guide benchmarks, 2025. Indicative minimum-order-quantity, duty and lead-time comparisons, not official statistics.

[10] UKFT (with SP&KO), *Reshoring for Real: The future of domestic UK apparel manufacturing*, 7 May 2025. Based on insights from eight UK retailers with combined turnover of £26.1bn.

[11] News reporting: John Smedley's Lea Mills, Derbyshire, reopened for third-party manufacturing after a 40-year gap, backed by over £3m of Shima Seiki machinery investment (Drapers, FashionNetwork, Knitting Industry, 2024). Burberry proposed c.1,700 global job cuts in 2025, including removal of the night shift at its Castleford, West Yorkshire factory (c.150 roles) (Yorkshire Post, Insider Media, 2025).

[12] Made Smarter: matched grants of up to £20,000 for adoption, available across English regional programmes. Made Smarter Innovation, five-year figures to 2025: 800+ organisations engaged, £112m grant funding invested, 8,000+ people upskilled (UKRI / Made Smarter). Case study: Jake Wright, Lusso Cycle Clothing, Made Smarter North West, 2023 – cutting process time cut by 80%, productivity up fourfold.

[13] Companies House filings, cited for case-study legal status only: one Made Smarter case-study company later filed dormant accounts for 2023 and 2024; a separate "smart eco-factory" case study's original operating company entered administration and was dissolved, with only a successor entity currently trading. COORD has not named the companies here as the point is about the reliability of case-study evidence generally, not about the individual businesses.

[14] European Commission, Ecodesign for Sustainable Products Regulation (ESPR) and Digital Product Passport framework; textiles named a priority sector. The textile-specific delegated act setting garment-level requirements and dates has not yet been adopted; current indicative timelines point to entry into force no earlier than 2027–2029. A domestic UK textiles Extended Producer Responsibility scheme remains at blueprint stage, not law, as of writing.

[15] Anne Godfrey, Chief Executive, GS1 UK, press release on EU Digital Product Passport preparedness, 23 July 2025.

[16] Andrew Rough, then Chief Executive, ACS (Advanced Clothing Solutions), on the unit economics of siting circular textile infrastructure, 2025.