UK Leather Federation

Social & Environmental Report of the UK Leather Industry

2010
Foreword

This report has been prepared by the UK Leather Federation in the framework of the COTANCE-ETUF:TCL Social Sectoral Dialogue (SSD) project “Social & Environmental Reporting in the European Leather Industry” developed with the support of the European Commission – DG Social Affairs.

The main information sources used were the principal members of the UK Leather Federation, who we estimate account for over 80% of UK leather production. Additional information was obtained from published national statistics and from private association statistical returns.

The UK Leather Industry is represented by the UK Leather Federation (UKLF), which has a total membership of 25 companies that between them represent approximately 90% of UK leather production. UKLF provides information, advice and representation services to its members.

UK Leather Federation is a COTANCE Member and subscribes to the Framework Agreements adopted by COTANCE and ETUF:TCL. These include the Social Code of Conduct signed in 2000 and the Social & Environmental Reporting Standard underwritten in 2008. It is foreseen that the latter will be progressively implemented at company level on a voluntary basis.
Introduction

Our records indicate that there are 23 plants currently producing leather in the UK (see Table 1), employing an estimated 1050 workers. These plants comprise 3 large ones (with a turnover of more than €25 million) 5 medium sized ones (with a turnover of more than €10 million) and 15 smaller plants. The biggest company in the UK leather sector – Scottish Leather Group - is comprised of four tanneries.

All but 3 companies qualify as SMEs; all are limited companies and the large majority is still family owned.

In addition to these leather producers, there is one fellmongery that processes around 1 million sheep skins a year – this process separates the wool from the pelt, which is then pickled and sold on for further processing. This process is a precursor to the tanning process, and so the plant does not, strictly qualify as a tannery. There is also one fully equipped tannery at the British School of Leather Technology (BSLT), which is part of the University of Northampton. This tannery facility is used primarily for teaching purposes, but it is also used for a certain amount of commercial activity.

The UK Leather Federation has 15 commercial tanneries in membership, plus the one fellmongery and the BSLT. There are also a further 8 associate members – essentially companies that supply to and buy from the leather producing industry.
<table>
<thead>
<tr>
<th>Name of company</th>
<th>City (region)</th>
<th>Type of production</th>
</tr>
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<tbody>
<tr>
<td>Bridge of Weir Leather Co Ltd</td>
<td>Bridge of Weir near Glasgow</td>
<td>Automotive upholstery leather</td>
</tr>
<tr>
<td>WJ &amp; W Lang Ltd</td>
<td>Paisley near Glasgow</td>
<td>Wet Blue</td>
</tr>
<tr>
<td>Andrew Muirhead &amp; Son Ltd</td>
<td>Glasgow</td>
<td>Upholstery Leather for furniture, aeronautical, marine, institutional and contract</td>
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<td></td>
<td></td>
<td>furnishing</td>
</tr>
<tr>
<td>NCT Leather Ltd</td>
<td>Bridge of Weir near Glasgow</td>
<td>Wet Blue</td>
</tr>
<tr>
<td>Pittards plc</td>
<td>Yeovil</td>
<td>Gloving, shoe and leathergoods leathers</td>
</tr>
<tr>
<td>Charles F Stead &amp; Co Ltd</td>
<td>Leeds</td>
<td>Suede, finished splits</td>
</tr>
<tr>
<td>Hutchings &amp; Harding Ltd</td>
<td>Sawston, Cambridge</td>
<td>Chamois leather</td>
</tr>
<tr>
<td>Holmes Halls Processors Ltd</td>
<td>Hull</td>
<td>Wet Blue</td>
</tr>
<tr>
<td>Joseph Clayton &amp; Sons Ltd</td>
<td>Chesterfield</td>
<td>Industrial and other heavy leathers</td>
</tr>
<tr>
<td>Thomas Ware &amp; Sons Ltd</td>
<td>Bristol</td>
<td>Equestrian and sole leathers</td>
</tr>
<tr>
<td>J &amp; FJ Baker Ltd</td>
<td>Colyton, Devon</td>
<td>Traditional oak bark tanned (sole) leathers</td>
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<tr>
<td>J Sedgwick Ltd</td>
<td>Walsall</td>
<td>Equestrian leathers</td>
</tr>
<tr>
<td>Blenkinsop Leathers Ltd</td>
<td>Higham Ferrers, Northampton</td>
<td>Contract dressing and finishing facility</td>
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<tr>
<td>J Hewit Ltd</td>
<td>Edinburgh</td>
<td>Bookbinding Leathers</td>
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<tr>
<td>The Clyde Leather Co Ltd</td>
<td>Neilston, Glasgow</td>
<td>Suede, finished splits</td>
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<tr>
<td>Waltham Tannery Ltd</td>
<td>Louth</td>
<td>Dresser of splits and grains</td>
</tr>
<tr>
<td>LH Nichols Ltd</td>
<td>Yeovil</td>
<td>Slink lamb skins</td>
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<tr>
<td>Dickens Bros Ltd</td>
<td>Northampton</td>
<td>Dresser of veg tanned hides</td>
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<tr>
<td>Wm Cowley Ltd</td>
<td>Newport Pagnell</td>
<td>Parchment</td>
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<tr>
<td>John White &amp; Sons</td>
<td>Bingley, W Yorkshire</td>
<td>Dresser</td>
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<tr>
<td>Harmatan Ltd</td>
<td>Higham Ferrers, Northampton</td>
<td>Bookbinding Leathers</td>
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<tr>
<td>Fenland Sheepskin Ltd</td>
<td>Bridgwater</td>
<td>Wool-on sheepskins</td>
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<tr>
<td>Devonia Products Ltd</td>
<td>Buckfastleigh, Devon</td>
<td>Wool-on sheepskins</td>
</tr>
<tr>
<td>Nettletons &amp; Porter</td>
<td>Osset, W Yorkshire</td>
<td>Fellmonger</td>
</tr>
<tr>
<td>British School of Leather Technology</td>
<td>Northampton</td>
<td>Teaching tannery with some contract work</td>
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UK Leather Production by leather category

- Upholstery: 34%
- Wet Blue: 31%
- Garment & Glove: 13%
- Footwear: 11%
- Other: 11%

UK Leather production by animal type

- Bovine: 78%
- Sheep: 22%
- Goat & Other: 0%
Institutional structures

The forerunner of UKLF – the British Leather Federation - was founded in 1908 and it continued to operate as a separate body until it merged with the British Leather Manufacturers’ Research Association in 1983 to form the British Leather Confederation. In a further re-organisation to reflect changing times, the UKLF was re-established as an independent organisation in 2005.

UKLF is the representative UK body for the UK tanning industry provides information and advice to member companies. The topics covered include raw material supplies, quality and prices, statistics on production, imports and exports, legislation, health and safety, training, environmental performance, and labelling of leather and leather products. UKLF promotes UK leather via its website (www.ukleather.org) by co-coordinating UK companies’ presence at trade shows and by providing a sourcing information service to enquirers. UKLF also provides the secretariat for the UK leather industry’s employers’ association – the Leather Producers’ Association.
Environmental considerations

There are several key points that should be noted as an introduction to any environmental analysis of the leather industry. The first point is that leather making involves processing a waste from the meat industry into a useful and valuable material. It is also a renewable material, unlike its synthetic imitators.

Having said this, the tanner faces a significant challenge because, compared with the mass of the raw hide – the tanners’ starting material - the resulting leather weighs only 20%. The remainder needs to be either utilised as a co-product or disposed of as liquid effluent or solid waste. In addition to this, tanneries with full effluent treatment plants – which include all those processing from raw – will also have up to 500 kg of sludge per tonne of raw material to dispose of from the effluent treatment plant.

Tanners have for a long time faced the challenges of disposing of their wastes and reducing the level of nuisance that they might cause, by minimising the level of pollution to air, water and the ground.

Pollution to air has been reduced by changes to buildings, to processes and to the types of chemicals used. In particular, there has been a switch from solvent based to aqueous based finishes, except for some special applications. The content of liquid effluents has been progressively improved to meet ever tighter consent limits and to reduce the costs levied by the sewerage undertakers. Similarly, as the regulations governing the disposal of solid wastes, particularly to landfill have become more restrictive at the same time as the costs of disposal have escalated, tanneries have sought ways to reduce the volumes and change the nature of the solid wastes that they dispose of.

The environmental report

As a member country of the EU the UK industry has had to adopt, and in a number of cases pre-empt a series of environmental standards and controls consequent to the implementation of the rules of the following EU Regulations or Directives.

- Water Framework Directive
- European Waste Catalogue and Hazardous Waste list
- Solvent Emissions Directive
- Integrated Pollution Prevention and Control Directive
- Best Available Techniques Reference Document for the tanning of hides and skins (Tanneries BREF)
- Registration, Evaluation, and Authorisation of Chemicals Regulation
- Animal by-products Regulation
- UK Climate Change Levy and related Climate Change Agreements
Tanneries have adapted to these requirements and are implementing them. Three of the biggest tanneries in UK are regulated under the Integrated Pollution, Prevention and Control (IPPC) regime. All of the others, except for those excluded on a de minimis basis because their discharges are deemed to be insignificant, are regulated by local authorities under Local Authority Air Pollution Controls. Tanneries regulated under the IPPC regime are automatically regulated according to the guidance in the tanneries BREF, and this is increasingly being used as guidance for regulation of smaller tanneries by local authorities.

In 1999, the UK government implemented a climate change levy, which is effectively a green tax on all forms of energy. In order to avoid putting industrial energy users at a competitive disadvantage sectors deemed to be intensive energy users were allowed an 80% discount on this levy (soon to be reduced to 60%) provided that they entered into a Climate Change Agreement. These agreements involve the sector participants committing to reduce energy use, by agreed amounts, over a 10-year period. Actual performance is measured against these targets every two years, and any shortfall must be met by the purchase of carbon credits. The UK leather sector has such an agreement, and is well on the way to meeting its 2010 target of reducing its energy use by unit of production by over 20% over the 10-year period.

A consequence of all this is that tanneries generally are in a programme of continuous improvement as regards their environmental performance. This is not only to keep pace with ever changing legislation, but also to pre-empt it in some cases, to minimise costs and to demonstrate that they are environmentally responsible and, thus, enhance their image and reputation in public perception and give them a marketing advantage.

The specific environmental data in this report are based on returns from the four biggest member companies, which together account for approximately 80% of UK leather production. These are:

Scottish Leather Group Ltd
Pittards plc
Charles F Stead & Co Ltd
Hutchings & Harding Ltd
Environmental indicators

- **Background**

As indicated, the UK leather industry has a relatively small number of processing plants, but there is a very wide variation in their activities and their relative sizes. This results in quite a wide variation in the environmental factors that the plants have to address – for example plants processing raw cattle hides face a much bigger challenge both to find outlets or disposal routes for solid co products and wastes, and to treat liquid effluents from the process; conversely, plants engaged in post tanning and finishing operations face significantly higher energy costs per unit of leather produced, because of the range of processes carried out, especially drying operations.

Because of this, average measures relating to environmental performance may be difficult to interpret, and typical ranges are more relevant.

- **The Process**

Elaborating on this point, the activities of the 23 UK tanneries can be summarised as follows:

- 3 tanneries process cattle hides from raw to wet blue
- 3 tanneries process cattle hides from raw to crust or finished leather
- 3 tanneries process sheep skins with the wool on from raw to finished
- 1 tannery processes pickled sheep pelts into crust and finished chamois leather
- 5 tanneries produce finished bovine leather from wet blue or crust
- 2 tanneries produce finished bookbinding leather from crust calf and goat skins
- 3 tanneries produce finished leather from wet blue bovine splits
- 1 tannery processes both wet blue cattle hides and crust sheep skins to finished leather
- 1 tannery processes pickled sheep pelts into parchment
- 1 tannery offers a range of finishing processes on a contract basis for any type of tanned hides and skins.
• **Raw materials processed**

The UK tanning industry processes:

1.3 million cattle hides to wet blue or finished leather; these hides originate almost entirely from the UK and Ireland

250,000 sheep skins into wool on leather; these come mainly from UK, but with some from Australia for quality and seasonal reasons

About 1 million UK domestic sheep skins are fellmongered in UK, to produce pickled pelts

2.5-3 million sheepskins (raw, pickled or crust) imported mainly from New Zealand or Ethiopia are processed into finished slink skins, chamois leather or gloving leather. It is necessary to import these skins because the required types and grades are not available from UK sources.

• **Pollution abatement installations**

All UK tanneries have some form of effluent treatment to varying degrees, but we are aware of only one that discharges direct to surface waters. All of the others discharge to sewer.

• **Cost of wastewater treatments**

The typical cost of wastewater treatment by UK tanners is 0.5-1% of turnover, and 10-15% of environmental costs.

• **Costs related to emissions to air**

The typical cost abating emissions to air represent a barely significant percentage of turnover, and less than 2.5% of total environmental costs. This is mainly because the situation has been addressed primarily by process changes, including a general switch away from the use of solvents for the majority of processes and the use of aqueous based finishes.

• **Energy costs**

The typical cost of energy for UK tanners is about 3.5% of turnover, which represents 75-80% of environmental costs.

• **Other costs**

The typical cost of other environmental measures is less than 1% of turnover and less than 10% of total environmental costs.
Conclusion

Overall, tanneries in the UK operate in line with regulatory environmental requirements. The UK tends to implement legislation promptly and on a pragmatic basis. For example the IPPC Directive was implemented rigorously in 2003, and this was far in advance of most other countries.

Cost reduction and a responsible approach to environmental issues are additional drivers for the industry to enhance environmental performance, and the UK industry is generally active in continuing to improve. Examples of recent significant investments by companies in the industry are as follows:

- Dewatering of effluent sludge
- Specific projects on waste reduction
- Concerted energy efficiency improvements to meet tight Climate Change Agreement targets
- New plant to generate energy from waste
- Reduction of VOC emissions
- Installation of particulate filters
- Change entire plant from coal to gas
The social report

Leather production fulfils a fundamental role in our society. It recovers the hides and skins that result from the production of meat for human consumption and transform them into a noble material that finds applications in a myriad of consumer products. It thus prevents a difficult waste disposal problem in the meat industry and contributes with a useful and appealing material to our modern lifestyle generating wealth and employment.

As reported previously there are 23 plants in the UK currently producing leather in the UK. All but 3 companies qualify as SMEs; all are limited companies and the large majority is still family owned. However, over 60% of the workforce is employed in the three non SME companies.

The UK leather producing industry is no longer one of the biggest internationally, but it has specialised in producing quality leathers that are sold all over the World. The UK industry has, for a long time, achieved a balance of trade surplus in the sector; even in 2009, which bore the brunt of the financial crisis, the UK achieved a trade surplus in leather of £17 million; and if hides and skins are included, the surplus was £93 million. During the very difficult 2009 year, the value of UK exports of hides, skins leather and leather products was over £730 million.

The UK is not just a centre of quality leather production, but we have a world class concentration of leather expertise – in research, innovation, teaching, training, consulting, trading and design – with organisations such as BLC Leather Technology Centre Ltd (BLC), the British School of Leather Technology (BSLT) and other specialist training and consulting organisations which provide the UK industry with a strong technical infrastructure. BSLT is part of the University of Northampton which also boasts a prestigious fashion and design department, which has a strong link with the London and other UK design houses.

The specific social data in this report are based on returns from the four biggest member companies, which together account for approximately 80% of UK leather production. These are:

Scottish Leather Group Ltd
Pittards plc
Charles F Stead & Co Ltd
Hutchings & Harding Ltd
The Social indicators

• Number of workers

Our estimate of the number of workers in the industry is currently 1050. The four companies that responded to the questionnaire represent about 70% of this total. There has been a significant reduction in employment over recent years as a result of plant closures and cut backs in existing plants, due to the intensely competitive world market. However, part of the reduction has been a result of investment in more modern machinery, in particular in automated handing equipment.

• Trade Union presence

There are three trades unions in the sector, although one union traditionally takes the lead in negotiations. This lead union is Community, which, by merger took over the activities of the previous KFAT (Knitting, Footwear and Apparel Trades) Union. The other trades unions present are UNITE (formerly the Transport & General Workers Union) and GMB Union (formerly General, Municipal, Boilermakers and Allied Trades Union).

Most, but not all, sites – and especially the bigger ones - have a trade union presence. Membership of the trade unions is voluntary, and membership is estimated at less than 25% of the workforce.

The sector’s Employers’ Association, the Leather Producers’ Association enters into an annual negotiation on wage rates and employment conditions with the trades unions each year to reach a national agreement.

• Average age

The average age of tannery workers is 48.

• Average number of years of workers in the company

The average number of years that workers have been in the company is 15.7.

• Nationalities of workforce

The clear majority of the workforce is from the UK. Tanneries report that other nationalities present are Europe, Poland, Iraq and Africa. This reflects some difficulty in recruiting suitable staff in certain areas, and especially temporary staff to cope with fluctuations in demand.
• **Contractual categories and worker turnover**

97% of the workforce is full time and 3% part time. Worker turnover averaged 4.5%.

• **% of female employees on the total workforce**

The workforce is comprised of 77% males and 23% females. The heavier wetter environments tend to be mainly male dominated, while females are more commonly found in the offices and the cleaner, drier environments more commonly found in the finishing and packaging sections, where the work requires less physical strength.

• **Training activities**

All of the companies in the sector, and especially the larger tanneries understand the importance of training their workforce. Because the UK industry – along with the rest of Europe – is a high cost producer by international standards, they appreciate that they need to compete on quality, consistency, performance, fashion and service to customers. This requires the workers to understand and embrace their roles in ensuring that these requirements are met.

UKLF and the industry are collaborating in the process of re-energising the system of externally accredited Vocational Qualifications and Apprenticeships in the industry, and individual companies are already carrying out a significant amount of less formalised training.

There are a number of highly respected training and education organisations and facilities in UK. Apart from local colleges and generic training establishments, specifically related to training on leather there is the British School of Leather Technology, which offers one to four year courses up to degree level, plus Masters and PhD qualifications; BLC Leather Technology Centre Ltd, offers a range of shorter focussed training courses from 1 day to two weeks; short courses are also offered by other organisations such as SATRA and Leather Wise Ltd.

For example over the last two years companies have organised in house and external training courses on

- Environmental Management Systems
- Environmental Awareness for company employees
- Factory wide Environmental briefings on actions, costs etc
- Environmental Auditor training
- Awareness of Environmental impact in relation to company authorisations
- BLC courses on Comprehensive Understanding of Leather
- Awareness regarding the local Environment and Wildlife
• **Hours lost due to sickness or accident**

This varies, depending on the work environment. Typically the figure is below 5%.

• **Survey of worker satisfaction**

Companies responding reported that the level of worker satisfaction is high.

• **Work conflicts**

No work conflicts were reported by any of the respondents.

**Conclusion on Social reporting**

There is an understanding in the UK leather sector that, as a high cost producer, the industry needs a well trained, well motivated workforce in order to remain competitive by delivering the required quality of product, with the correct characteristics and performance in a consistent and timely fashion.

The reduction in the industry and the competitive pressures that it continues to face means that the workforce takes a realistic and practical approach to labour relations which generally remain very good.

**General conclusions**

This is a summary of the first reports produced by companies in the current format. It should be considered as a start. The industry is constantly improving its environmental performance and is also working hard on developing formal staff training qualifications as a basis for enhancing the industry awareness of workers. The first report will act as a benchmark, and the intention, going forward is to build on the process and aim to demonstrate continuing improvement in performance.
Acknowledgements
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