Supporting Apprentices at our Lockerbie Creamery

Introduction
1. Arla Foods is a dairy cooperative owned by approximately 11,000 farmers across seven European countries. Nearly 2,400 of our farmers are based in the UK, comprising around a quarter of all British dairy farmers. We are the UK’s largest dairy company by milk pool, and we are a leading supplier of fresh milk, butter, spreads and cream, and the country’s largest cheese manufacturer.

2. In the UK Arla has an annual turnover of £2.2bn (in 2017). A recent independent report from the Centre for Economics and Business Research calculated that the economic impact of Arla and our farmer owners in the UK was in excess of £6bn in terms of Gross Value Added (GVA). We are also linked to more than 119,000 jobs in the UK.

3. In Scotland Arla has approximately 235 farmer owners. We also own and operate a major creamery at Lockerbie, in Dumfries and Galloway, which produces around 40,000 tonnes of cheddar and other hard cheeses each year as well as processing liquid milk. More than 300 colleagues are employed at the site.

4. We take on and train a significant number of apprentices at our Lockerbie facility. At present there are 15 apprentices (or Eden students) being employed and trained in engineering and dairy technology roles. The scheme is highly effective in creating job opportunities for local young people, and then in giving them skills and experience that benefit them across their careers. It is worth noting that two members of the creamery’s senior management team started out as Eden students. We are very proud of the success of the programme.

5. However, despite the significant costs of this scheme we are unable to secure support from Scottish Enterprise that is, we understand, available to similar schemes in other parts of Scotland. We are therefore calling for amendments to be made to the South of Scotland Enterprise Bill to enable the new South of Scotland Enterprise body to give financial backing to our apprenticeship scheme and similar ones in Lockerbie and across southern Scotland.

Supporting cross-border training
6. Our apprenticeship programme at Lockerbie is costly. Each apprentice is paid approximately £16,000 per year, and the training they are given amounts to a further £16,000 per head. With employment taxes, administration and other costs this is a £500,000 programme. In other circumstances there would be
government support, recognising the broader contribution the scheme makes to the individuals concerned and the wider community.

7. However, the skills training received by apprentices is very specific to their roles. By far the best place to deliver what is required is Raesheath College, a highly specialist agricultural college located near Nantwich in Cheshire. This operates a full dairy processing facility, amongst other things. There is simply no college or other facility in Scotland able to replicate what is provided at Raesheath.

8. Under current rules, the fact that training is provided in England and not in Scotland means that our programme is not eligible for financial support from Scottish Enterprise. This is a source of great frustration to us and to Scottish Enterprise itself. We believe that the South of Scotland Enterprise Bill presents an opportunity to amend the rules to allow support to be given.

9. Our concern is specific to our sector, in that there is no Scottish option open to us when it comes to training provision. However, the same principle applies to other businesses in Lockerbie where the best option is to send apprentices to England (only 20 miles away) for training rather than much more distant places in Scotland. We believe both as a matter of principle and because it would benefit everyone that businesses located in Scotland, taking on apprentices who are resident in Scotland, should be eligible for Scottish support.

Amendment to the Bill

10. The purpose of the Bill before the Scottish Parliament is to “further the economic and social development of the South of Scotland”. We feel it is self-evident that creating high-value job opportunities for young people in and around Lockerbie through our apprenticeship scheme, and at the same time supporting the success of our creamery, is precisely what the Bill is aiming to achieve. It is therefore the right vehicle to change the rules to allow financial support to be given to the scheme.

11. We are not legislative experts but our suggestion is that an amendment is made to Clause 5 of the Bill, adding a new sub-section which explicitly permits the new South of Scotland Enterprise body to fund training delivered in England when it is the most appropriate place for it to take place, and if it will benefit the economy and society of the South of Scotland.

12. We understand, anecdotally, that the same problem exists when it comes to English businesses who wish to use Scottish providers to deliver training to apprentices. We have no experience of this but if it is the case we would of course support a reciprocal change to the rules in England.

Arla Foods
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