

Winter 2011

# Outlook

The magazine of the Chemical Business Association

## Safe & secure

CBA issues new load  
securing guidelines



## Welcome to CBA Outlook

I'm delighted to tell you that, in this issue of Outlook, we are able to report a success for CBA's lobbying campaign opposing new or extended regulatory costs. As you will see on this page, the Department for Transport has abandoned its plans to impose additional costs. This is welcome news, but we still have a battle on our hands in relation to similar proposals from the Home Office and Health & Safety Executive – so the campaign continues.

In this Outlook we are also able to report on the long-awaited Löfstedt Review into health and safety. As you know, CBA gave written and oral evidence to the Review. I'm pleased to report that the findings of the Review are broadly favourable to business and are a step in the right direction.

In the wake of the Autumn Statement and the weaker forecasts for economic growth, Outlook also focuses on the Government's attempts to kick-start growth through initiatives focused on smaller firms. We also cover an interesting CBI report highlighting the contribution made by medium-sized firms to the economy – and 40% of CBA member companies come into this category.

Finally, this edition launches CBA's new Load Securing Guidance which is the sixth industry guidance issued by CBA in recent years to be formally endorsed by the Health & Safety Executive.

I hope you enjoy reading this issue of Outlook.

Peter Newport  
CBA Director

# Outlook

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# DfT ABANDONS THREAT OF HIGHER REGULATORY CHARGES

**The threat of higher regulatory charges by the Department for Transport (DfT) has been withdrawn. To generate additional revenue and compensate for cuts in its department budget, the DfT was exploring the possibilities of introducing a range of new or extended regulatory costs.**

The costs to be recovered centred on transport security inspections of sites and the options being considered included the introduction of new charges for security inspections at sites handling high consequence dangerous goods; increasing the fee for annual Heavy Goods Vehicle Testing; and raising the fee for the driver's ADR Training Certificate.

Because CBA believed these new costs would damage member companies' profitability, it has lobbied extensively to prevent their introduction. The Association had raised the issue with the Prime Minister and a number of government Ministers.

"It's a great relief that the DfT has decided not to impose these costs on business and to look elsewhere for efficiencies to meet its budget targets."

CBA's Chairman, Neville Prior who led the lobbying campaign, said, "It's a great relief that the DfT has decided not to impose these costs on business and to look elsewhere for efficiencies to meet its budget targets. I'd like to think this was a victory for common sense and directly resulted from CBA's campaign, but the reality is probably more complicated."

"It may well be that the DfT realised that it needed to bring in new legislation in order to impose the new charges. It would have to take its



Neville Prior

proposals through the full legislative process and also comply with the coalition 'one-in, one-out' rule, meaning it would have to nominate a comparable piece of legislation – in terms of complexity and cost – for repeal."

Though the threat of higher charges from the DfT has abated, other departments – notably the Health & Safety Executive and the Home Office – are still determined to introduce or extend the regulatory costs payable by business.

"The CBA campaign therefore continues," said Neville Prior. "At a time when the Government's deficit reduction strategy is entirely growth-dependent, CBA believes it is folly to impose additional costs on business."

## EASTERN EUROPE FREE MARKET ANALYSIS

The European Association of Chemical Distributors (Fecc) has published a detailed profile of the chemical market in Eastern Europe. The free 34-page report analyses the distribution market in ten countries - Poland, Czech Republic, Slovakia, Bulgaria, Romania, Hungary, Slovenia, Lithuania, Latvia and Estonia. The report provides information on the population of each country, its economy, its chemical industry, chemical imports and exports, as well as its chemical distribution market. The report is available from the CBA office.

# Better regulation – 'One in, one out'

At the Trade Association Forum meeting on 3 November, Lord Curry, the Non-Executive Chairman of the Better Regulation Executive, outlined the Government's policies to reduce the regulatory burden on business with particular reference to its 'one in, one out' commitment. Following his presentation, Lord Curry took questions which included the following exchange.

## CBA DIRECTOR, PETER NEWPORT

"You mentioned the benefits of 'one in, one out'. The chemical industry has some concerns that you haven't mentioned the downside. Our point is – what happens when the costs of the 'ins' fall on one sector and the benefits of the 'outs' fall on another?"

We welcome the commitment to round up the ministries to make sure things are moving in the right direction but we already have concerns on 'one in, one out'. We would cite the recent consultation by the Health & Safety Executive on the extension of cost recovery – or as it is currently being marketed - fee for intervention. When the Chair of HSE was challenged to explain whether this was under 'one in, one out' she blithely said that 'one in, one out' did not apply. Firstly, because HSE had been told to go ahead by Ministers; and secondly, 'one in, one out' did not apply because fee for intervention would only require the amendment of existing regulations."

## LORD CURRY

"You're absolutely right. It's difficult to design a perfect vehicle for 'one in, one out'. It's almost inevitable that the costs of new regulation will fall on one sector and the benefits will fall on another. I don't know how we get round that. It's just too complex to try and design regulation on a sector-by-sector basis. So there will be anomalies where some sectors get benefits and some sectors get pain."

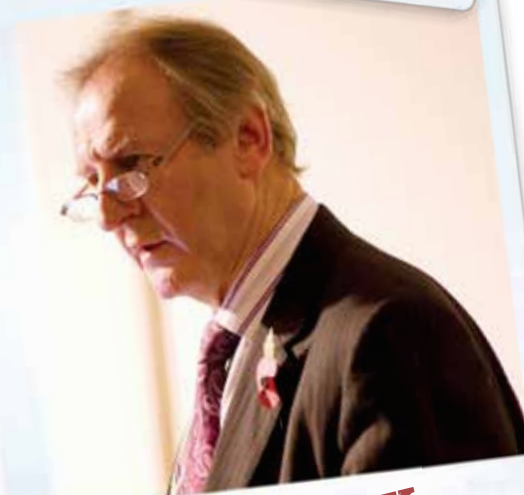
"Proposals by the Health & Safety Executive are causing some interest and the charging policy they are going through to penalise non-compliance is an interesting attempt to make sure the books of the HSE are balanced. Penalising non-compliant businesses is not a principle I have a problem with – providing the penalties are proportionate to the non-compliance that has occurred. I think we need to watch that very carefully."

"I am concerned about the fee-charging structure. I've discussed this with the Chair of the HSE and I will be seeing its Chief Executive in a few weeks time. Because what we don't want are regulators that have had their budgets slashed by 30% simply filling the gap with charges on business. For us, any additional cost, whether it fits neatly within the 'one in, one out' system or it doesn't is an additional cost to business and the purpose of this exercise is to reduce the cost to business, not increase it. So I will be having some interesting discussions with the HSE."

**CBA comments** – Lord Curry is clearly committed to delivering 'one in, one out' and driving the Better Regulation initiative forward. The key issue is whether this determination translates to quantifiable achievements which actually reduce the regulatory burden. The Government believes it has made a good start, with 'one in, one out' having delivered a claimed £3 billion of savings to business.



**CBA Director  
Peter Newport**



**Lord Curry**

# Löfstedt R

## A SIGNIFICANT STEP IN THE

CBA's Director, Peter Newport, gives a broad welcome to the findings of the latest review of health and safety legislation.

**“As the Löfstedt Review was given very general terms of reference by the Government, it was inevitable that its recommendations would also be couched in general terms. Despite this, the Review has taken much of the business case on board and its recommendations are a clear step in the right direction.”**

“It's interesting to note that the Review received no fewer than 250 responses to its call for evidence – which, in itself, is an indication of the level of interest and concern about the application of health and safety legislation.”

“CBA was one of the 30 organisations asked to give face-to-face evidence to the Review. Our team was the CBA Chairman, Dr Neville Prior, the Association's Technical Director, Douglas Leech, and me. We were given a fair hearing and felt that Professor Löfstedt was broadly sympathetic to the business case.”

“Whilst we support many of the Review's key findings, not many are sector-specific to the chemical industry.”

“However, on the list of regulations which are recommended to be 'amended, clarified, or reviewed' are the Reporting of Injuries, Diseases

**“It's interesting to note that the Review received no fewer than 250 responses to its call for evidence – which, in itself, is an indication of the level of interest and concern about the application of health and safety legislation.”**

and Dangerous Occurrences Regulations 1995 (RIDDOR) and the Work at Height Regulations 2005. Both these pieces of legislation were covered in CBA's written evidence to the Review.”

“RIDDOR and its associated guidance, according to the Review, require amendment in order to 'provide clarity for businesses on how

to comply with its requirements.' The Work at Height Regulations require review 'to ensure that they do not lead to people going beyond what is either proportionate or beyond what the legislation was originally intended to cover.' Both these measures are welcome, but we will need to see further details in the months to come.”

“From the business perspective, it seems that the Löfstedt Review has increased the momentum for change. In its response to the Review's findings, the Government has given a series of target dates by which various regulatory actions – whether reviews, amendments, or clarifications – need to be completed.”

To read the Review in full, go to <http://www.dwp.gov.uk/policy/health-and-safety/#review>

## KEY RECOMMENDATIONS

### Self-employed

Perhaps the most radical, and in some senses the most obvious, recommendation of the Löfstedt Review is to exempt self-employed people from health and safety law when their work activities pose no potential risk of harm to others. The Government has asked the Health & Safety Executive (HSE) to draw up urgent proposals to bring this recommendation into effect.

### Approved Codes of Practice

HSE will review all 53 of its Approved Codes of Practice (ACoPs) and develop a plan to complete this process by June 2012. The key purpose of this review will be to simplify the ACoPs making them easier for employers to understand and meet their legal obligations.

## BACKGROUND BRIEF

In June 2010, the Government asked Lord Young to investigate health and safety legislation. The Government accepted all the recommendations in his Common Sense, Common Safety report published in October 2010. One of Lord Young's key recommendations was the general consolidation of health and safety legislation. In March 2011, the Minister for Employment announced a series of reforms through the publication of a further report Good Health and Safety, Good for Everyone. He also announced the creation of an independent review of health and safety regulation to be chaired by Professor Ragnar Löfstedt. This review would examine the scope for consolidation of health and safety legislation and whether or not some regulations could be revoked in their entirety. CBA gave written and oral evidence to the Löfstedt Review which published its findings on 28 November 2011.

# Review

## RIGHT DIRECTION



### PROFESSOR RAGNAR LÖFSTEDT

Professor Ragnar Löfstedt is Professor of Risk Management and the Director of King's Centre for Risk Management, King's College London. He is an adjunct Professor at the Harvard Center for Risk Analysis, Harvard School of Public Health and Adjunct Professor at the Department of Engineering and Public Policy, Carnegie Mellon University. He is also a Visiting Professor at the Centre for Public Sector Research, Gothenburg University, Sweden.

### Sector Specific Consolidations

The Löfstedt Review has targeted a significant number of areas of health and safety law which can be consolidated. Again the objective is to make the regulatory framework easier for companies to understand and implement. Through its existing plans and this consolidation process, the Government 'will reduce the number of health and safety regulations by more than 50% without reducing the protection offered to employees and the public.'

### Local Authorities – Inspection and Enforcement

HSE will be given the authority to 'direct' local authority health and safety inspections and enforcement activities to ensure that they are directed towards higher-risk businesses and are consistent.

### Strict Liability

Some health and safety provisions impose strict liability on the employer and it is no defence to claim to have done all that is reasonably practicable. In civil cases, this can result in unfairness for employers when health and safety regulations impose a higher standard than an employer's common law duty of care. In its response to the Löfstedt Review, the Government has promised to look at ways to redress this balance.

### European Legislation

As more than half of all the legislation affecting UK business originates in Brussels, Löfstedt considers the planned review of European Union (EU) health and safety legislation in 2013 to be an important opportunity for reform. Löfstedt's essential recommendation in this respect is that the Government must ensure that new and existing EU legislation is both risk-based and evidence-based.



## UKT&I Promoting international business opportunities

The government's UK Trade & Investment (UKT&I) organisation has announced more chemical sector events designed to promote international trade.

These events – see panel below – include a trade mission to Egypt and a meet the chemical buyer event focused on Central and Eastern Europe.

In relation to the chemical sector, UKT&I primarily focuses on companies manufacturing in the UK or creating significant UK value added to chemicals or related services.

Its mission is to help UK companies grow their business internationally as well as encourage the best overseas companies to look to the UK as a global partner. With UK-based advisers and a presence in 96 countries, UKT&I offers a range of assistance, from trade fairs and outward missions to bespoke market intelligence. To contact UKT&I, go to:

[www.ukti.gov.uk/chemicals](http://www.ukti.gov.uk/chemicals)

### CHEMICALS MISSION TO EGYPT (CAIRO AND ALEXANDRIA)

Date: 26 February – 1 March  
2012

Egypt is heavily import-dependent. Local manufacturers source high quality raw materials from overseas. Despite fierce competition from low cost imports from the Far East, opportunities still exist for UK exporters in speciality and high quality chemicals. Egyptian producers seeking export markets recognise the importance of high quality raw materials and chemicals.

For further details, go to: [http://www.ukti.gov.uk/pt\\_pt/export/event/218080.html](http://www.ukti.gov.uk/pt_pt/export/event/218080.html)

# GOVERNMENT TARGETS SMEs WITH BUSINESS GROWTH INITIATIVES

**The Government has launched a series of new measures designed to help the UK's small and medium sized enterprises (SMEs) grow and create jobs, export to new markets, and secure finance.**

The measures include a £95 million investment from the Regional Growth Fund which aims to support SMEs considering investing in new capital assets and is expected to create at least 4,000 jobs and unlock around £500 million of new investment.

The Business Growth measures include:

- SMEs have been allocated £95 million of the Regional Growth Fund. These funds are being channelled through RBS, Natwest and HSBC. The Regional Growth Fund provides finance for SMEs seeking to purchase assets and create employment and which are unable to secure commercial funding for their projects.
- From 1 April 2012, a 'one-click registration' system will go live, so that businesses can get online, register their business at Companies House, sign up for PAYE registration, Corporation Tax and Self Assessment all in one place. The ability to register for VAT will be added later.
- The National Export Challenge involves a series of initiatives aiming to give SMEs the knowledge they need to break into new markets.
- An online 'Open to Export' web resource will provide SMEs with professional export advice and allow UK firms to swap information and experiences.
- Promoting British business during the 2012 Olympic Games by establishing the new British Business Embassy, based at Lancaster House.



Business Secretary,  
Vince Cable

Business Secretary Vince Cable said, "Securing a return to long-term economic growth is the Government's highest priority. Helping entrepreneurs export to new markets and get access to the finance they need are critical to making this a reality. The SMEs of today are Britain's international success stories of the future and it is this success that will build the strong, balanced economy that will secure our economic prosperity."

## NEW APPRENTICESHIP INCENTIVES FOR SMALL FIRMS

**With youth unemployment passing the one million mark, new incentives have been announced for smaller employers taking on apprentices.**

Smaller firms with up to fifty employees are being offered an incentive payment of up to £1,500 to take on their first apprentice aged 16-24 years of age.

This is just one of the measures announced by the Business Secretary, Vince Cable, which aims to support up to 20,000 new apprenticeships in the next two years.

The incentive is paid through an initial payment which will be made two months after the individual has started the apprenticeship with the balance being paid

after the apprenticeship has been completed and the trainee is in sustainable employment.

Red tape surrounding apprenticeships is being simplified. The National Apprenticeships Service and training providers will be required to ensure that employers are in a position to advertise a vacancy within one month of deciding to take on an apprentice. Health and safety requirements are being streamlined to ensure that there are no additional demands on employers that already meet national standards.

Apprenticeships are also being targeted in order to maximise their impact. They

will focus on younger adults, new employees, higher level qualifications and specific business sectors. Training providers will be required to offer training in English and Maths up to the standard of a good GCSE.

Business Secretary Vince Cable said: "The apprenticeship programme is a success story, with record numbers of learners starting an apprenticeship this year. But I have listened to employers, and will ensure that investment is targeted where impact is greatest, delivering the specific skills businesses need to drive growth."

He added, "Apprenticeships boost the life chances of young people and are a sound investment in our future competitiveness. When times are tough, it's right that we provide additional support to help the smallest firms meet training costs."

Research shows that every pound of public investment in an apprenticeship generates up to £40 for the wider economy; improvements in productivity ensure employers recoup their training costs within three years; and, an advanced apprenticeship boosts an employee's lifetime earnings by around £100,000.

The new incentives focus on smaller firms that have been deterred from hiring an apprentice due to perceived logistical, training and administrative costs.

### BACKGROUND BRIEF

- In 2010-2011, some 442,700 trainees started an apprenticeship – a 50% increase on the previous year.
- Apprentices receive at least 280 hours formal training each year.
- In July 2011, the government announced a £25 million fund to support Advanced Level and Higher Apprenticeships training up to degree level.
- The annual budget for Apprenticeship training is £1.4 billion.
- Apprenticeship opportunities are listed at [www.apprenticeships.org.uk](http://www.apprenticeships.org.uk)

# Medium-sized businesses hold the key to UK growth

## – NEW CBI REPORT

A new report issued by the Confederation of British Industry (CBI) makes the case that medium-sized companies hold the key to future UK growth.

**Calling these businesses ‘the UK’s forgotten army’, CBI say that the potential of medium-sized firms has been under estimated and that they have been overlooked for too long in terms of industrial policy making.**

The report defines medium-sized firms as having an annual turnover of between £10 million and £100 million. These companies may represent less than 1% of all businesses but they generate 22% of economic revenue and 16% of all jobs.

More than 40% of CBA’s distributor member companies are ‘medium-sized’ by this definition.

The report, Future Champions: unlocking growth in the UK’s medium-sized businesses, uses new analysis conducted with the consultants McKinsey & Company.

John Cridland, CBI Director-General, said: “Medium-sized businesses are truly

a forgotten army, and now is the time to unlock their potential. “We should be championing, nurturing and encouraging our mid-sized firms. For too long these companies, which could inject tens of billions of pounds into our economy, have fallen under the radar of policymakers.

He added, “I want the UK to have its own version of the German “Mittelstand” - a backbone of medium-sized firms which export, innovate and generate growth.

These future champions would help the UK weather unexpected economic shocks, and act as a new engine for growth.”

The contribution of medium-sized firms to the UK economy is much smaller than in France and Germany, where they contribute a greater share of total revenue and generate a significantly higher proportion of jobs.

In the UK, the report reveals that just 6% of medium-sized firms create 60% of all the

new jobs created by the sector – and could play a crucial role in rebalancing the economy, particularly in areas most affected by public spending cuts.

The CBI is calling for new way of financing medium-sized firms by allowing them to better access the bond markets. It is also suggesting that the Government could kick-start demand through

credit easing - by using public money to back these bonds.

The report also calls for Entrepreneurs’ Relief to be restructured to incentivise longer-term investments with the threshold for qualifying relief brought to below the current 5%. The scope of the Research and Development tax credit should also be widened to include all aspects of design to help encourage more innovation.



CBI  
Director  
General,  
John  
Cridland

**More than 40% of CBA’s distributor member companies fall within the £10-100 million definition of ‘medium-sized’ used by the CBI report.**

In addition, CBI makes a number of specific proposals to help medium-sized firms:

- CBI and the Department for Business to encourage large companies to work with medium-sized businesses in their supply chain to share best practice, increase levels of leadership, innovation, exports, recruitment and financing.
- Bringing firms together to share experiences of management challenges, financing options and exporting to help them plan for growth.
- The Department for Business and trade bodies to identify sectors which would benefit from surveys of management skills.
- Encourage more medium-sized businesses to export their products and services by the UK Trade & Investment (UKT&I) proactively targeting medium-sized firms and their involvement in international trade delegations.

To read the full report, go to: <http://www.cbi.org.uk/campaigns/future-champions/>

# TO DISCLOSE, OR NOT TO DISCLOSE?

THAT IS THE QUESTION



**As part of its strategy to cut red tape, the Coalition Government aims to remove the need for many businesses to undertake an audit or file full accounts at Companies House. The Government say these measures could save 100,000 firms more than £600 million in accountancy and administration costs every year.**

The consultation on Audit Exemptions and Change of Accounting Framework sets out plans to allow more small companies and subsidiaries to decide whether or not to have an audit. The Government also proposes to introduce legislation in 2012 to exempt most subsidiary companies from mandatory audits, provided their parent company is prepared to guarantee their debts. For both audit exemptions and the change of accounting framework, it is proposed that changes will apply for accounting years ending on or after 1 October 2012.

## NEED TO KNOW?

All the following websites offer free commercial, financial, or corporate information on businesses. They are all part of the rapidly growing open-data movement which aims to draw information from a wide variety of sources and make it available in a digestible format to a wider audience.

- **Duedil.com** – uses information from Companies House, Magistrates Courts, and Patent Office. Also contains free-to-access company reviews
- **OpenCorporates.com** – contains a wealth of corporate information.
- **Panjiva.com** – access to a database containing 1.5 million potential trading partners throughout the world.



**“Over time, both the volume and costs of reporting requirements for UK companies have increased, and businesses have stressed to us the need for more flexible and targeted rules.**

*Edward Davey*

The Minister responsible for Corporate Governance, Edward Davey, said: “Over time, both the volume and costs of reporting requirements for UK companies have increased, and businesses have stressed to us the need for more flexible and targeted rules. Tackling these problems now will save UK SMEs millions every year and give them more opportunities to expand and grow their business.”

Most companies would agree with the need for ‘more flexible and targeted rules’, however there may be a significant commercial downside to this well-intended piece of deregulation.

This is the issue of a company’s credit rating – a key factor in financing trade and managing cash flow.

The consultative paper, on Audit Exemptions and Change of Accounting Framework, appears to believe that most small businesses do not rely on published information that is in the public domain in order to decide credit terms. It suggests that smaller businesses rely on personal relationships to make this type of commercial decision.

For many companies, this may be true. However, there are often circumstances when credit rating agencies use this information to set credit limits.

CBA member Stort Chemicals is a case in point. During the credit crunch, Stort saw its credit limits collapse from £250,000 a month to zero almost overnight. This was because the trade credit insurer, Euler Hermes, had

examined the short form annual accounts filed by Stort. It decided there were information gaps and down-graded the company’s credit rating.



*Richard Gilkes*

Richard Gilkes, Stort’s Managing Director, said that there were immediate consequences. “Our European suppliers pay close attention to trade credit limits suggested by companies like Hermes, and, in one case, we saw our long-standing payment terms withdrawn and replaced by demands for up-front cash.”

In addition to briefing the credit agencies on Stort’s past and current trading record, including supplying monthly & quarterly management accounts, the company voluntarily filed its first set of full accounts for three decades. Immediately, its credit scores improved dramatically. “We soon realised that a proactive and open approach to managing our own credit rating paid immediate dividends. The fact that we had had a very good year did make sharing information easier,” said Richard Gilkes.

The new rules relating to audits and filing accounts may suit many companies, but there will be many companies that will consider Stort’s experience as a cautionary tale and, for the sake of their credit rating, ignore the Government’s proposed deregulation.

# CBA issues new load securing guidelines

**CBA has issued new guidelines to help ensure the safe transport of packaged chemicals.**

They aim to complement the Department for Transport's Code of Practice which sets basic standards for load stowage and securing.

CBA's guidelines have been endorsed by the Health & Safety Executive (HSE). In its foreword, HSE points out that 'unsafe loads on vehicles injure more than 1,200 people every year and cost UK business millions of pounds in damaged goods.'



HSE's Peter Lennon

*Unsafe loads on vehicles injure more than 1200 people every year.*

Providing best practice advice for everyone involved in loading, stowing, segregating, securing and unloading packaged chemical cargo, the guidelines also provide a basis for driver training as well as setting a standard which can be referenced by enforcement authorities and the courts,

The guidelines, which have been developed in conjunction with the HSE and with input from the Health & Safety Laboratory (HSL), cover packaged dangerous goods of United Nations' Classes 2, 3, 4, 5, 6, 8, and 9, as well as substance mixtures and articles which are not classified as dangerous for carriage within the United Kingdom.

They outline the legal duties and general principles to be followed in order to ensure a safe and secure load. This includes the criteria for the calculation of a weight distribution plan to ensure that a load does not cause individual axles to be over loaded.

The guidelines also provide a matrix which establishes four criteria for the safe segregation of products: considerations,

separation, segregation, and isolation. The matrix covers: compressed gases; flammable liquids; flammable solids; oxidising substances, toxic substances, corrosive substances as well as other dangerous substances.

Also highlighted are questions of vehicle and package design and – importantly – recommended securing methods for different types of packaged goods receptacles. These include:

- Intermediate Bulk Containers
- Drums
- Small packs
- Combination packs
- Bagged material
- Samples
- Nominally empty packages
- Pressure Receptacles

The guidelines also emphasise the importance of effective induction and refresher training for staff in loading, unloading, and risk assessment procedures.

Launching the new guidelines, CBA Director, Peter Newport, said, "We are pleased to create our sixth HSE endorsed industry standard for the chemical supply chain. The securing of loads is an essential element in the safe distribution of chemical materials and in maintaining the confidence of both the general public and



Peter Newport

*The securing of loads is an essential element in the safe distribution of chemicals.*

regulators in the industry."

To download the new guidelines, go to: [www.chemical.org](http://www.chemical.org) and click on Regulatory Affairs.



## CBA INDUSTRY GUIDANCE

CBA has published a series of industry guidelines which have been endorsed by the Health & Safety Executive and are designed to provide a best-practice reference point for HSE Inspectors. These guidance documents cover the following areas:

- Storage of Flammable Liquids in sealed packages in specified storage areas
- Storage of Flammable liquids in IBCs
- Non-metallic tank inspections
- Safety Performance Leading Indicators for Chemical Warehouses
- Safe handling and storage of packaged Hydrofluoric Acid



# Safety leadership in major hazard industries

**Ian Travers, Head of Chemical Industries Strategy Unit, Hazardous Installations Directorate Health and Safety Executive, underlines the importance of safety leadership at major hazards sites.**

Most major hazard businesses are characterised by having the potential for catastrophic impact on safety and the environment in the event of an accident involving large scale loss of life and environmental damage.

The manufacture, storage and distribution of chemicals, involves complex processes with in-built intrinsic hazards that need careful management and sufficient competence. The measures needed to contain the hazards in a controlled way can be equally as complex. This requires a systematic approach to managing risk, based on having several layers of protection to guard against each significant risk. Because the risk of

a major accident can not be eliminated, on top of the protective measures, companies need robust mitigation and emergency

arrangements to limit the impact of an accident should a serious event occur.

Failure in major hazard risk management can never deliver sustainable business success and the consequences of getting control of major hazards wrong are extremely costly. Safe operation and sustainable success in business cannot be separated. Major incidents in recent years have shown that the consequences for capital costs, income, insurance costs, investment confidence and shareholder value can all be drastically affected.

So why take the risk? However, getting it right pays large dividends. And getting it right requires effective leadership starting from the boardroom and embedding a strong safety culture throughout an organisation.

Businesses are now much more focused on this aspect of risk management and it's accepted as a requirement. There is now a much clearer understanding of good practice on major hazard leadership as set out in the CBA Safety Leadership Principles. The complex systems and arrangements needed to manage risk will not just develop themselves, they need the vision and determination of senior managers to deliver and maintain them. The basics are not that difficult to grasp and should not be left as the sole preserve of safety specialists within an organisation. Boardroom decisions have a direct bearing on major hazard outcomes and the Board sets the vision and culture for the whole organisation. So, effective governance on major hazard safety is essential for a sustainable business performance.

HSE expects that in the future there will be greater linkage between major hazard risk management, with high standards of leadership, and the delivery of sustainable safety outcomes. It's harder to measure success where the objective is to avoid low probability but high consequence incidents when compared to say measuring personal safety performance. Therefore, adoption of targeted and carefully prioritised leading and lagging indicators on process safety is essential in order to provide feedback to senior managers and business leaders on the effectiveness of their process safety control measures.

Building on the success of the HSE 2008 conference 'Leading from the Top' there have been some important developments on Major Hazard Leadership such as the formation of the Process Safety Forum, which CBA are about to join, where lessons from major hazard incidents and good practice on leadership are shared between major hazard sectors. UKPIA, the trade association representing UK refineries, has published a free to download Leadership Self Assessment Tool which is just as useful for the chemical distribution sector. Additionally, the Energy Institute, have published a free to download Process Safety Management Framework.

A difficulty faced by many senior managers is where to go to get up to speed on the concepts and practice of major hazards management and leadership. This year a joint initiative between industry and the COMAH Competent Authority has led to the launch of a new national training standard and accredited training under the stewardship of COGENT and the National Skills Academy. This new course provides for the first time an opportunity for senior executives to gain core competences in process safety management through a tailored training course that can be delivered in-house or as part of a shared learning set. For more information – see panel.

It's pleasing to see that the CBA takes such an active role in developing and promoting the concepts of major hazard risk management and leadership within the UK. However, this does raise the expectation that CBA members will be equally as engaged in delivering high standards of Major Hazard Leadership in the work place.



Ian Travers



## LINKS TO FURTHER INFORMATION

- CBA's Principles of Safety Leadership – [www.chemical.org.uk](http://www.chemical.org.uk)
- Leading from the Top – [www.hse.gov.uk/leadership/principlesleadership.htm](http://www.hse.gov.uk/leadership/principlesleadership.htm)
- Self-Assessment Tool – [www.ukpia.com/process-safety/tools/self-assessment-tools.aspx](http://www.ukpia.com/process-safety/tools/self-assessment-tools.aspx)
- Process Safety Management Framework – [www.energyinstpubs.org.uk/](http://www.energyinstpubs.org.uk/)
- New national training standard – [www.cogent-ssc.com/](http://www.cogent-ssc.com/)
- National Skills Academy (e-mail contact) – [N.Smith@process.nscademy.co.uk](mailto:N.Smith@process.nscademy.co.uk)

# NEW NON-COMAH SITES SURVEY

**CBA has released the results of a survey of member companies operating sites falling outside the scope of the Control of Major Accident Hazards (COMAH) regulations. The survey aimed to assess their awareness of the regulatory regime, the number of visits by the Health & Safety Executive (HSE), and their approach to Safety Leadership and relevant indicators.**

There are 27 sites controlled by member companies in the sub-COMAH category and 23 sites (85%) responded to the survey.

Respondents showed a high level of awareness of both the COMAH regulations and the definition applying to non-COMAH sites. Of these sites, 83% were regulated by the HSE and 17% regulated by their respective local authorities.

Over the last five years, regulators had made 36 inspection visits to the 27 sites responding to the survey.

This appears to provide evidence that

regulators have recognised the industry's case that relatively low-risk sites do not require an intensive programme of visits.

During these visits, a range of topics were examined by inspectors, including personnel and training issues; flammable areas, and the containment (bundling) of materials.

Questions of safety leadership by management as well as performance indicators were also raised on a regular basis. Overall, respondents provided a very positive profile in these aspects.

All the respondents to the survey had defined questions of safety accountability within their company and in 96% of companies this was a member of the board. Safety promotion policies were in place in 87% of companies and 78% of respondents had existing programmes of employee involvement. Finally, almost two-thirds of companies had fully developed business continuity plans.

The survey provided a less positive response on their use of performance indicators, with just four sites having leading or lagging safety indicators in place.

CBA's non-COMAH member companies are comprehensively engaged with the Association in terms of regulatory compliance and support. Some 22% of respondents were involved with CBA Committees and 91% attended CBA's technical workshops and seminars.

CBA's Technical Director, Douglas Leech said, "Overall, the survey showed good levels of regulatory awareness and operational practice. Our main area of concern is the relatively low level of sites making use of leading or lagging safety indicators. This is a key area requiring improvement for the future."



Douglas Leech



## INDUSTRY NEWS

### PROGRESS FROM POTTER GROUP

Potter Group has reported a 29% rise in pre-tax profits for the year ending April 2011. Despite losing a major customer during the year, sales remained stable at £14.7 million (£14.8 in 2010) as the result of organic sales growth from existing customers. The company's balance sheet remains strong with net assets of £31.7million. It has continued to control costs and maintain its capital investment programme – spending £700,000 on 11 new MAN tractor units which are expected to deliver better fuel consumption compared with previous vehicles. Managing Director Matthew Lamb, said, "Whilst trading conditions remain challenging, we are continuing to work with our customers to provide cost-effective solutions to their logistic needs, which complemented by the ongoing sustainable investment in the business leaves us confident of a positive outlook in 2011-2012."

### DKSH SECURES GLOBAL GPC ACCOUNT

DKSH has entered an exclusive agreement with the Korean manufacturer Hanseo Chemical to sell and distribute GPC (Glycerophosphatidylcholin) globally to the pharmaceutical industry. Hanseo Chemical chose DKSH for its knowledge of the pharmaceutical market, the registration support, and procurement capability. DKSH will also support Hanseo Chemical to develop and expand its soy derived Active Pharmaceutical Ingredients (APIs) business. Dr. Hansjoerg Jakubetz, Vice President of DKSH's pharmaceutical business, said, "DKSH is delighted to be the partner of Hanseo Chemicals which has expertise in lipid-derived niche APIs. We are convinced that we can help grow Hanseo Chemical's business and accelerate its sales growth."

# SQAS/ESAD

## A KEY ELEMENT IN SUPPLY CHAIN MANAGEMENT

**No-one seriously doubts the need for the companies in the chemical sector to operate to the highest possible standards in terms of health, safety, security and environmental performance. Over recent years, the Safety and Quality Assessment System (SQAS) and the European Single Assessment Document (ESAD) have become established as the key resource to assess compliance performance of companies operating in the European chemical supply chain.**

"European companies clearly see an SQAS/ESAD assessment as a way of professionalising their operations and as part of their natural growth profile. We are pleased with the continued year-on-year growth in the number of assessments," said Jos Verlinden, Cefic's Director of Transport and Logistics.

"European companies clearly see an SQAS/ESAD assessment as a way of professionalising their operations and as part of their natural growth profile.

An analysis of the total number of assessments reveals that most companies over a certain size now have been assessed according to either SQAS or ESAD and Jos Verlinden sees further growth coming from Central and Eastern Europe. "We are beginning to see an acceleration of demand from these countries

Jos Verlinden, Cefic's Director of Transport and Logistics, outlines how the SQAS and ESAD assessments have become a key element in supply chain management for the chemical industry.



Jos Verlinden

and this is likely to ensure several more years of continued growth," he said.

Overall, the United Kingdom has 38 sites which have completed an ESAD assessment over the last 3 years. In comparative terms, this is the second highest total among Western European countries. Germany has the highest number of assessments at 67; with France also on 38.

Some 76 UK sites have completed a SQAS Transport Service assessment. This is the seventh highest total in Western Europe. Germany has no fewer than 419 sites having completed a SQAS assessment; Spain has 155 and Italy 111.

As Jos Verlinden is quick to point out, these absolute numbers only give an impression of the relative level of take-up in various countries. "The important aspect of both SQAS and ESAD is the fact that they both represent an evaluation of a company's standards and performance.

There is no definitive pass or fail. It's therefore important to consider the actual results of the assessment," he said.

The key benefit of both SQAS and ESAD is that they offer a Europe-wide system of assessment against specific performance requirements. Individual supply chain companies do not therefore have to face multiple assessments by chemical manufacturers to which they provide services.

SQAS/ESAD is also a system which continues to evolve. The questionnaires used in the assessment process have recently been updated to meet the contemporary needs of both the assessment process and the operational functionality of companies in the chemical supply chain.

The results of all SQAS/ESAD assessments are held on a central database which is accessible to the companies that are part of the respective service groups. "Given that this

# ESAD

## THIRD PARTY CHAIN STANDARDS

“Companies in the chemical supply chain benefit greatly from the SQAS/ESAD assessment process. It helps to improve internal management systems. It allows potential suppliers to judge operational performance

database represents a goldmine of performance information about current or potential suppliers in the chemical supply chain, we do think that this is a facility which is relatively under-used by the chemical companies,” said Jos Verlinden.

Another major plus from the SQAS/ESAD assessment systems is that it simultaneously provides independent third party verification (TPV) of Responsible Care.

Increasingly, Responsible Care when combined with TPV, is being recognised by regulators as a visible commitment by supply chain companies to move beyond basic regulatory standards. In a

broader sense, it is also something which can inspire continued public confidence in the industry.

Jos Verlinden believes there is a strong business case for SQAS/ESAD. “Companies in the chemical supply chain benefit greatly from the SQAS/ESAD assessment process. It helps to improve internal management systems. It allows potential suppliers to judge operational performance – without the need for multiple assessments – and it provides an ongoing system of TPV for Responsible Care,” he said.

### CEFIC appoints new SQAS Manager

The European Chemical Industry Council (Cefic) has appointed Victor Trapani as its new SQAS Manager. Victor Trapani is an accredited SQAS Assessor and joins Cefic from the audit company, SGS Spain. Victor Trapani is a chemical engineer with wide experience in chemical production, quality management and certification. During the last five years he worked as Development Director for SGS in Spain. He took up his appointment on 2 November 2010.

### FREE CBA support for SQAS/ESAD

As reported in the last issue of Outlook, CBA's Council agreed to create a free support system for companies wishing to move towards Third Party Verification. CBA will deliver a series of free SQAS/ESAD Clinics to help member companies prepare for SQAS/ESAD. These Clinics will be provided on demand at Crewe and will be subject only to the need for a reasonable group size to make them viable in terms of efficient use of staff time. CBA will also offer free support to members in the form of a company pre-assessment review. Whilst this will not constitute an SQAS/ESAD assessment, which can only be undertaken by an accredited assessor, it will help a company gauge its state of readiness for an assessment and will be undertaken by CBA staff experienced in the development of the ESAD questionnaires and guidance. For further details or to book a place on a clinic, contact CBA's Responsible Care Co-ordinator, Michael Cooper on 01270 258200.

# REGULATORY COMPLIANCE AND TECHNICAL SUPPORT 2012

**CBA has published its initial programme of events which aim to assist members companies with regulatory compliance and provide technical support to improve operational efficiency.**

The current planning schedule appears below. Additional events may be added to this schedule at a later date. Member companies can also nominate additional topics.

Member companies will be sent details and an invitation to each individual event. However, bookings can be made immediately. Facilities are also now available for payment to be made by debit and credit card. A small charge is made for this service.

For further information, contact CBA on 01270 258200.

## PEOPLE ON THE MOVE

The European Federation of Chemical Distributors (Fecc) has appointed Joel D'Silva as its Life Science and International Trade Manager. He



takes over many of the responsibilities and committees previously managed by Monika Drazek.

Joel D'Silva is a qualified Legal Professional with five years of international experience in academia and research in the areas of law, science and policy. He has published on various aspects of technology, science regulation and policy including health and safety, product liability, intellectual property, trade and the environment. He also has expertise in the regulation of pharmaceuticals, medical products and devices, as well as food and feed products – particularly relating to the use of nanomaterials in these product areas.

Joel D'Silva can be contacted by e-mail at [jds@fecc.org](mailto:jds@fecc.org) or by telephone on + 32 2 679 02 62.

## SEMINAR

## QTR DATE

Responsible Care Back to Basics	1	9 February 2012
Safety Leadership for CEOs	1	16 February 2012
REACH Forum	1	29 February 2012
Swimming Pools – Chemical Handling	1	14 March 2012
Northern Region – Regulatory Compliance Update	1	27 March 2012
Southern Region – Regulatory Compliance Update	1	29 March 2012
COMAH Safety Leadership Forum	2	18 April 2012
Health and Safety Compliance Update	2	16 May 2012
Business Continuity	2	31 May 2012
Logistics Indices of Performance Forum	2	28 June 2012
Responsible Care Back to Basics	2	To be confirmed
COMAH Re-modelling	2	To be confirmed
CLP – Practical Workshop – Mixtures	2	To be confirmed
Emergency Response COMAH on-Site	3	5 July 2012
Security Conference	3	10 July 2012
Northern Region Regulatory Compliance Update	3	18 September 2012
Southern Region Regulatory Compliance Update	3	20 September 2012
Environmental Update	4	October 2012
Third Party Contractors – Office Only	4	October 2012
CDG Basics	4	November 2012
Business Compliance and the Chemical Supply Chain	4	November 2012
Contaminated Land	4	November 2012
GTDP	4	December 2012
REACH Update	4	To be confirmed
CLP – Practical Workshop – Mixtures	4	To be confirmed
Responsible Care Back to Basics	4	To be confirmed

NOTE: Most events will be held CBA's conference facilities at its Crewe office. Occasionally, they may be held at an alternative venue – check the event details for confirmation.

# Compliance training on demand



**CBA's ground-breaking pledge to provide compliance training on demand to member companies remains a continuing commitment.**

As the industry's regulatory framework becomes more and more complex, minimising the cost of regulatory compliance becomes increasingly important. As a result, the level of demand for CBA's cost-effective compliance training has never been higher.

There are just two caveats underpinning CBA's commitment: that there are sufficient delegates to make each compliance training event commercially viable; and that the

scheduling of individual events is controlled by CBA. CBA has imposed these two conditions because it operates on a 'not for profit' basis and is entirely funded by its members' subscriptions and paid for services. This means running events at a loss is not an option.

Compliance training is delivered by CBA's Compliance Service: a team of professionals dedicated to providing advice, assistance, and training to supply chain companies in order to maximise the effectiveness and minimise the costs of regulatory compliance.

## MEDIA TRAINING

CBA has a current request from a member company to run a further Media Response Workshop following this year's successful event. The Workshop aims to prepare member companies for an encounter with the media – perhaps following an incident or other unforeseen event.

It will help to answer a number of key questions relating to media contact. How can the situation best be managed? Who will deal with the media? Have they the training and experience to do so? What should they say? How should they react?

Failing to manage the media effectively can have serious consequences for your company. This CBA seminar provides the tools and experience to survive the media spotlight and handle the print and television media effectively.

Four places have been reserved and a further eight delegates or more are required to run the event. If you are interested in taking part in a Media Response Workshop, contact CBA on 01270 258200.



## Welcome to new members

### London Chemicals & Resources Limited

London Chemicals & Resources are international distributors and suppliers of chemicals and metals for industry, including salts and compounds of Vanadium, Molybdenum, Tungsten, Cobalt, Nickel, Chromium and more. The company is also involved in the recycling of secondary materials, such as spent catalysts, fly ash, and other metal-containing materials. It supplies raw materials which support the manufacture of a wide range of products including alloys, catalysts, ceramics, fertilisers, gas, glass, leather, petrochemicals, and plating. The company's multi-lingual, dedicated personnel operate globally either directly or through a network of local agents and partners and can offer financing and FX solutions as well as international warehousing, logistics and consignment stocks.



**Contact** Peter Nicholson  
**E-mail** info@lcr.ltd  
**Website** www.lcr.ltd  
**Telephone** +44 (0)20 7183 0651  
**Facsimile** +44 (0)20 7987 7980

## STOP PRESS

The Chancellor's Autumn Statement scrapped the planned 3p fuel duty rise in January and the further rise scheduled for August 2012 is to be reduced from 5p to 3p. CBA has been a long-term supporter of the FairFuelUK Campaign which has been led by the Road Haulage Association and the Freight Transport Association.

Reacting to the Autumn Statement, FairFuelUK's spokesman, Quentin Willson, said, 'This is a victory – but only a stay of execution. We've saved the UK 9p since March in proposed fuel duty rises, but we're going to carry on pressurising this government to keep duty down and reduce it significantly.'

For further information about the campaign, go to [www.fairfueluk.com](http://www.fairfueluk.com)



Ruth Perkins

## New team member for Chemistry with Cabbage

**Chemistry with Cabbage, the award-winning initiative for primary schools, has a new member of staff. Ruth Perkins has a degree in Physics, specialising in electromagnetism, optics and medical physics. She has previously worked for Science Made Simple, United Utilities and the Manchester Museum of Science and Industry presenting science shows to large audiences.**

Chemistry with Cabbage is sponsored by a number of member companies and supported by CBA. It provides one-day hands-on workshops for 3,000 primary school pupils (Year 6) every year. Using ordinary household chemicals, the workshops aim to stimulate a lasting interest in science. In 2005, Chemistry with Cabbage won the Royal Society of Chemistry's Education Award.

Companies interested in sponsoring Chemistry with Cabbage workshops should contact CBA's Director, Peter Newport, on **01270 258200**.

## ARE YOU INTERESTED IN GTDP?

**Does your company deal in animal feedstuffs, food ingredients, pharmaceuticals, or cosmetics? If so, you may be interested in joining CBA's Good Trade and Distribution Practice Committee (GTDP).**

At the moment, the GTDP Committee meets as a virtual group with its five members dealing with relevant issues by e-mail. It is chaired by Pauline Ayers, Technical and Regulatory Manager, Azelis UK Life Sciences Limited. It is hoped that, in 2012, the Committee will be able to hold formal meetings at CBA's offices at Crewe. In this event, the maximum time commitment for Committee members would be five days per year.

If you are interested in learning more, contact CBA's Technical Director, Douglas Leech on **01270 258200**.

## DIARY DATES

- Date: **27 March**  
Event: **Northern Region – Compliance Update**  
Venue: **Village Hotel, Cheadle**
- Date: **29 March**  
Event: **Southern Region – Compliance Update**  
Venue: **Squires, Sanders & Dempsey, London**
- Date: **25 April**  
Event: **Annual Luncheon**  
Venue: **Grosvenor Hotel, London**
- Date: **18 September**  
Event: **Northern Region – Compliance Update**  
Venue: **Village Hotel, Cheadle**
- Date: **20 September**  
Event: **Southern Region – Compliance Update**  
Venue: **Squires, Sanders & Dempsey, London**

**For a comprehensive listing of the CBA's planned Compliance and Technical seminars and workshops for 2012 – see page 14 of this issue.**

## CBA MEMBER SERVICES

### Outlook – CBA's member magazine + on-line management briefing

Outlook Magazine and On-Line Outlook Management Briefing are part of CBA's member communications programme. Both are distributed free on demand. Outlook Magazine is published in hard copy three times each year – in spring, summer and winter editions – and provides a range of industry features and the latest news. Outlook On-Line, published in seven monthly issues, offers regular management briefings on key industry issues and commercial opportunities.

### Update – On-line Technical Newsletter

CBA's On-Line Update Newsletter is a quick and user-friendly way of keeping up-to-date on a wide range of technical issues – from regulatory changes and consultations to events, meetings and conferences.

### Chemical Services Directory

Designed for companies providing services to the chemical sector, CBA's free Chemical Services Directory offers a fully searchable, on-line directory promoting services offered by member companies.

### Meeting room hire

Contact CBA for details on how to book our meeting room at the Crewe office.

### Advertising and sponsorship

CBA offers a number of sponsorship opportunities, notably in relation to its Annual Lunch – the largest chemical sector event in the UK – and also in relation to seminars and workshops. Advertising opportunities are also available in Outlook Magazine.