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# DRIVING THE MANUFACTURING AGENDA

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Our campaigning achievements in 2010  
and our priorities for 2011

A close-up, low-angle shot of a car's front end, focusing on the headlight and grille. The car is dark, possibly black or dark grey, and is illuminated from below, creating a strong orange and yellow glow. The background is a solid orange color.

eef

The  
manufacturers'  
organisation



Dear member,

2010 was a momentous year of political and economic change, with tentative signs of economic recovery, a new government, and, as a result, a new economic direction for the UK, including significant reductions in public spending.

Throughout that time EEF has been campaigning to ensure that manufacturing is at the heart of the debate about the UK's economic future. After a *severe* recession, there is plenty of evidence that manufacturing is driving the broader recovery and can continue to power ahead. At the same time, government, at all levels, now realises the critical role manufacturing can play in achieving balanced and sustainable future economic growth. There remains, however, much to do.

As a powerful voice for manufacturing, our influence with government delivers real business value to the sector. This document sets out some of our achievements during 2010 and highlights our campaigning priorities in 2011. You will also find details of how you can follow our progress and how you can get involved.

Terry Scuoler,  
CEO

# Putting manufacturing at front and centre of the UK economic and political debate

Over the last 12 months EEF has campaigned to make sure that government puts the interests of manufacturing at the centre of its policy thinking. And we've had much success. After years of thinking that the UK could survive by relying on a predominantly service-based economy politicians of all parties are now at pains to point out how important manufacturing is for our economic future. EEF has played a critical role in reinforcing this message.

In February, for example, the now Chancellor, George Osborne MP, as guest of honour at EEF's Biennial Manufacturing Dinner, told members that, 'manufacturing is a key part of our [the Conservative Party's] new economic model for Britain. It is central to rebalancing the British economy.'

Encouragingly, all three of the major political parties explicitly referred to the importance of manufacturing in their general election manifestos. Ahead of the release of these manifestos, at the start of March we released our own Manufacturing Manifesto and ran a series of high-profile events as part of our first, national Manufacturing Week. As part of this, we met parliamentary candidates across England and Wales and explained how, if elected as MPs, they could support manufacturing to be successful. We aim to repeat Manufacturing Week this year, though in a different format.

At the same time, a good way to influence government is through the media. And this year we have continued

to raise manufacturing issues in the newspapers and in the broadcast media. In 2010, we featured in nearly 3,000 press articles and gave 72 broadcast interviews, including a growing number of opinion pieces as well as our regular column in *The Manufacturer*.

As a result of all this hard work, EEF has been at the forefront in talking to the new coalition government and ensuring manufacturing remains central to the government's economic thinking. As part of this, for example, Advanced Manufacturing is one of the first six sectors in which the government is examining the barriers to growth as part of its Growth Review. EEF will be participating fully in this review, to report in the March Budget. We were also the first business organisation to meet the new Business Secretary, Vince Cable, and we have met with ministers and senior civil servants in all of the key government departments.

Moreover by working closely with members on some key issues, such as tax policy, access to finance and regulation, EEF is among the business organisations that government seeks to engage with and include at high level roundtable meetings (such as the small business economic forum), working groups (tax simplification) and the growth reviews groups on sector and policy issues.

It is not just in the UK where we have been making our mark. As set out below we've had significant successes getting the European Union to understand the impact that badly crafted red tape can do to manufacturing competitiveness. Our annual delegation of members to the EU institutions in Brussels was one of the best attended ever and met with a range of important EU decision-makers, including László Andor, the European Commissioner responsible for important issues such as the Working Time Directive.

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## *2010 achievements at a glance...*

- Importance of manufacturing at the centre of policy making
  - Manufacturing relatively untouched by Emergency Budget
  - Despite significant cuts, key manufacturing priorities supported in Spending Review
  - Key Health and Safety Directives delayed or implemented with impact minimised
  - Additional Criminal Duties resisted
  - Key safeguards on implementation of Agency Workers Directive preserved
  - Commitment to reform of the compensation system and culture
  - Delay to REACH Directive to allow for adjustment
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## Making a tangible difference for manufacturers

Meeting with policy-makers enables EEF to make significant policy gains for our members. And in 2010, this was no exception.

For example, despite the huge pressures to rein in the fiscal deficit, the Emergency Budget in June contained few measures that would hit manufacturing or business in general. It also set out a phased reduction in corporation tax, while a major rearguard action by EEF ensured that reductions in the rate of capital allowances, which the Conservatives had planned in Opposition, were far less severe than had been expected and will also be phased-in, at least giving companies time to prepare.

October's Spending Review saw significant spending cuts. However, while many other areas of business support were culled or were under review, EEF lobbying helped to secure the future of the Manufacturing Advisory Service. The Spending Review also delivered on other EEF priorities such as preserving the science budget and increased funding for adult apprenticeships. Our lobbying also secured key government investment in areas that will help manufacturers to exploit low carbon business opportunities. These included an upgrade to the UK's ports which is vital to give the UK the edge in the off-shore wind market, and funding for a Carbon Capture and Storage Demonstrator, another technology where the UK could become world leaders.

In other areas, our influence will be on the detail and the timing of new legislation. For example, the new government inherited a commitment from the previous government to introduce the Agency Workers Directive, while the coalition agreement contained a commitment to scrap the Default Retirement Age.

But even here, we have secured some concessions or are pressing hard for them. On the soon-to-be introduced Agency Workers Regulations, for example, we have argued successfully for the maximum time possible before its introduction and also worked with government to keep the requirements to a minimum and provide good guidance for employers. Likewise we have successfully led the campaign at EU level to continue to resist the abolition of the individual opt-out from the Working Time Directive. We are also working with the UK government to ensure that new measures such as the abolition of the default retirement age or the extension of the right to request flexible working are implemented in the least onerous way possible.

### *The Electromagnetic Fields Directive*

In the area of health and safety, the EU had adopted a Directive on occupational exposure to electromagnetic fields. It would have imposed bureaucratic burdens for common processes such as arc welding and effectively outlawed some resistance welding and induction heating processes.

EEF successfully led the fight to stop the Directive - the parliament passed a unique directive postponing implementation to allow for a full review.

It does not look possible to get rid of the legislation altogether, but we are leading the efforts by European and UK business organisations to ensure that common industrial processes which pose no risk are unaffected. In December 2010 EEF was successful in convincing EU business and government representatives to block an attempt by the European Commission to rush an incomplete directive through to the Parliament.

### *Optical Radiation Directive*

An EU directive on optical radiations - light and lasers - was said by the UK Health and Safety Executive to impose burdens on business but 'bring no additional benefits to health and safety in Great Britain'. Where genuine risks do exist they were already well regulated by EU legislation. Nonetheless HSE had no choice but to implement it into UK law.

EEF was alone in fighting this issue and the additional bureaucratic burdens that it could impose on those carrying out common processes such as welding and work with hot metal.

The regulations specifically state that where risks are being managed under other legislation, no additional action is required. The guidance starts with a list of processes that require no further action and includes example risk assessments for processes such as welding which businesses can simply adopt without any additional effort. HSE indicated that this approach was adopted as a direct result of EEF's pressure.

### *New criminal duty on company directors*

In late 2009/early 2010 there was great pressure on the government to pass legislation imposing an additional criminal duty on company directors to manage health and safety. The maximum penalty for such an offence would have been two years' imprisonment.

EEF won a commitment from the Conservatives that they would not legislate, but were concerned that pressure might be brought to bear on the Labour government to rush through legislation. We worked

closely with other business organisations to delay any decision until after the election. The Health and Safety Executive then confirmed that it would not recommend a new duty.

### *Fit Note*

From 2006 EEF called for the traditional sick note to be replaced by a new 'Fit Note' that would allow doctors to identify that an employee was fit to do some work and what restrictions (for example 'no heavy lifting for six weeks') would be appropriate. This would help cut sickness absence as well as the long-term retention of those with conditions such as low-level mental illness and back pain.

Government accepted the recommendation and the fit note was introduced in late 2009. Last year, we focused on ensuring that it was implemented effectively. Our Chief Medical Adviser, Sayeed Khan helped devise and run an education programme for GPs – a measure for which we again campaigned. Doctors from one third of English GPs' surgeries have now received the training and we are lobbying for the programme to be extended.

It is early days and completion of fit notes needs to improve, but it is starting to deliver real benefits to businesses and has the potential to do much more.

### *Compensation reform*

From 2005 EEF has worked alongside the Association of British Insurers in campaigning for a major overhaul of the compensation system. In particular, we pressed for a fast-track system to be introduced for claims under £10,000 and for fees paid for referring claims to solicitors to be banned.

With our support the last government developed a fast track system only for it to be blocked at the last minute. Last year, however, Lord Young returned to the issue and recommended implementation of the changes for which we campaigned. This will result in greatly reduced costs to business as well as much more rapid payment of compensation to those with genuine claims. The only losers are litigation lawyers. By taking the profitability out of small suits, it will help deter speculative claims that promote the 'have a go culture' that dogs compensation. The changes are due to be implemented by the end of 2011.

### *REACH*

In direct response to EEF's letter to government, outlining our concerns surrounding REACH registration, the Secretaries of State for Environment and Business co-wrote a letter to their counterparts in

the European Commission (EC) requesting downstream user (DU) operations be considered as a consequence of the faltering REACH registration process. We have been particularly concerned that DUs of chemicals would find that substances have been withdrawn from the market without notification, thus exposing their operations to business continuity risk. The EC and the European Chemicals Agency have responded positively to our proposal for DUs to continue to receive withdrawn substances whilst an alternative supplier is sought. We therefore remain encouraged that a common sense approach can be agreed and communicated to industry in the near future.

### *Cost-effective Renewables Policy*

In 2010, the government adopted three EEF policy recommendations that should make support for renewable energy significantly more cost-effective. This is important given its potentially significant impact on the energy bills paid by manufacturers. The support system for small-scale renewables (e.g. micro wind turbines and solar panels) will be reviewed to ensure that it is more discriminating and focuses on the most cost-effective technologies, the cost of supporting large-scale renewables (e.g. offshore wind farms) will be controlled by replacing the highly expensive Renewables Obligation with predictable long-term contracts for low-carbon generation, and the costs of supporting renewable heat will be contained and widely spread by using taxpayer rather than consumer subsidies. However, there is still work to be done, in particular challenging the necessity and cost-effectiveness of the underlying policy driver – our legally binding 2020 target to source 15% of energy from renewable sources

### *Carbon Reduction Commitment (CRC) Energy Efficiency Scheme*

EEF has been at the forefront in calling on government to significantly reform the CRC. We were the only organisation to call for the first year of allowance sale in 2011 to be cancelled. We also convinced DECC to simplify the rules of CRC for CCA exemption sites. This enabled those companies to prove they were exempt from the scheme ahead of the 2010 start date.

Following direct lobbying by EEF, DECC is consulting on removing the requirement for organisations that are not required to register as participants to make information disclosures.

## Manufacturing priorities for the year ahead

Last year delivered real progress for our sector on many fronts. And in 2011, we plan to maintain that momentum.

The global outlook remains unclear, risks from one or more sovereign debt crises still threaten and spending cuts could dampen the prospects for recovery. Against this backdrop and following consultation with member companies, throughout this year we will be focusing on three main areas:

- The creation of a positive and predictable economic environment for manufacturers to grow and develop with supportive tax, finance and investment regimes
- The promotion of flexible, productive and safe workplaces to ensure competitive access to employees with the appropriate mix of skills at all levels
- Reducing the burden of climate change and environmental legislation on *all* manufacturers and creating an environment that maximises business opportunities offered by environmental technologies and low carbon markets

## Your input makes a real difference

As a membership body, our sole focus is putting our members' interests first. It's our members which drive our influencing agenda and shape our activity.

Your input and involvement makes a real difference – whether it's completing our surveys, writing to an MP, hosting a factory visit, speaking to the media or attending a dinner with a Minister.

### *Find out more. Keep up-to-date. Get involved.*

There are a number of ways in which you can find out more about our campaigning work and keep up-to-date with our progress.

- Sign up to receive the EEF Intelligence Briefing – our weekly email newsletter
- Register to receive a regular copy of Insights – our member magazine
- Sign up to our Policy & Representation alerts to make sure you get notified of our latest reports and surveys

To make sure you receive our emails, just fill in your details at [www.eef.org.uk/manufacturingagenda](http://www.eef.org.uk/manufacturingagenda)

If you want to get more involved with our campaign work or want to talk to us about the issues that affect your business, get in touch with your Region Director – you'll find their details on the opposite page.

Region Directors have an important role to play in understanding the issues that really matter most to your business and can let you know about what's coming up.

They can also tell you how to get more involved in our work by, for example:

- Becoming a member of one of our ten Regional Councils to represent the experience of EEF members in your area
- Getting involved in one of our Policy Committees to help develop and drive our policy agenda
- Speaking to the media on issues affecting manufacturers and the work we are doing
- Joining us on our next delegation to Brussels to help us lobby decision-makers in Europe

## Your region directors

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*Richard Halstead joins EEF on 1 March 2011. In the meantime, please contact David Ost, Acting Region Director, Midlands.*

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Make sure you are kept informed of our campaigning work and our progress.  
Just fill in your details at [www.eef.org.uk/manufacturingagenda](http://www.eef.org.uk/manufacturingagenda)

EEF is dedicated to the future growth and development of UK manufacturing delivered through our unique combination of business services, government representation and industry intelligence.

*[www.eef.org.uk](http://www.eef.org.uk)*