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DID YOU KNOW?

For the past two years, UK manufacturers' Markit PMI score has hovered above level 50—the dividing line between expansion and contraction. In March 2015, the PMI score rose to 54.4—the highest reading since July 2014. Keep reading for more information on the UK manufacturing sector's growth.

2nd Quarter 2015

UK Food Exports Doubled in Last Decade

According to a recent report from the Food and Drink Federation (FDF), the United Kingdom's food and non-alcoholic drink exports have nearly doubled over the course of the last 10 years. This is unsurprising, as food and drink is the United Kingdom's largest manufacturing industry—with salmon, chocolate and cheese being the most profitable exported products. Other exports, such as milk and non-alcoholic drinks, accounted for nearly £15 billion last year.

The food and drink industry's growing success can be partially attributed to two key initiatives: innovation and education. British food and drink firms are currently conducting research on new ways to develop packaging that could potentially alert customers that the food has begun to turn, as well as on beneficial applications of nanotechnology in the processing and production operations.

In order to keep driving innovation within the industry and maintaining the high quality of its products, the FDF has developed a new food and drink specific academic degree. The MEng Food Engineering degree provides students with the skills and knowledge to produce popular items such as bubble laden chocolate, as well as how to transform a potato into a bag of crisps in less than 20 minutes.

In the future, the FDF expects more continued growth, supported in part by the government's move to ease access to R&D tax credits.



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End of Planned Obsolescence

In March, the French government introduced an edict to combat planned obsolescence—the practice of developing consumer goods with restricted life spans to encourage the purchase of a replacement. The edict requires manufacturers to inform consumers how long their appliances will last and how long spare parts for the products will be available. Any manufacturer that fails to comply with the new edict risks a fine of up to €15,000 (£11,000).

The French government will enact a related edict sometime in 2016 that will require manufacturers to repair or replace appliances within two years of purchase—at no cost to consumers. These edicts may be an indication that the increased focus on product quality and consumer protection may spread to the rest of the EU as well as across the Channel to the United Kingdom.

Government Support Helping to Revitalise Manufacturing Sector

After six years, Britain will again be a country that makes things—specifically, washing machines. Ebac, a manufacturer based in County Durham, will soon start manufacturing the first washing machines made in Britain since 2009. Ebac's decision to manufacture in the United Kingdom rather than in a cheaper market abroad was buoyed by government support, and it is emblematic of several government initiatives designed to revitalise and support UK manufacturing.

Government support available to UK manufacturers include:

- [Manufacturing Advisory Service](#) – impartial government service that begins with a free manufacturing business review and the development of a bespoke action plan to spur your company's growth
- [High Value Manufacturing Catapult](#) – strategic initiative helping manufacturers incubate and bring new technologies to market
- [ReshoreUK](#) – financial and operational support for certain UK manufacturers working to reshore their businesses
- [Advanced Manufacturing Supply Chain Initiative](#) – funding competition to improve the global competitiveness of UK advanced manufacturing supply chains
- [Talent Retention Solution](#) – free, industry-led programme connecting skilled individuals looking for work to companies searching for new employees in the advanced manufacturing and engineering sector

In addition to these initiatives, the government has further attempted to jump-start UK manufacturing by reducing the corporation tax from 28 to 20 per cent, temporarily increasing the annual investment allowance for plant or machinery from £25,000 to £500,000, and by pledging £528 million to fund catapult centres.

Some experts credit these initiatives as the reason for the 13 per cent growth in UK exports to emerging global markets (Brazil, Russia, India, China and South Africa) between 2010 and 2014. While the manufacturing industry shows signs of rejuvenation, it is not completely recovered—it is still 5.4 per cent smaller than it was before the recession, according to the Financial Times.

But renewed government focus on supporting UK manufacturing via some of the initiatives listed above could be the ultimate key to the sector's survival. For more information on preparing your manufacturing company for success, contact Crendon Insurance Brokers Ltd today.

Recent Fines and Prosecutions

Lack of fail-safes at an ice cream manufacturer leads to amputation

Tattenhall Dairy Products Ltd was fined £7,500 and ordered to pay total costs of £11,287.22 after an employee lost a finger in a culinary mixing machine. The 60-year-old employee had thought that the machine was turned off when she went to clean pieces of biscuit at the back of the mixer. However, as she was cleaning the chute, her finger became caught on the rotating blade and was cut off. In its investigation, the HSE found that if the company had installed fail-safes on their machines, this accident could have been prevented.

Glasgow manufacturer fined after a worker's arm gets pulled into machinery

A Glasgow manufacturing firm was fined a total of £4,000 after an employee got his arm caught between a conveyor belt and a roller. The 43-year-old employee was cleaning the conveyor belt to prepare it for the next run of material when his glove was caught and pulled into an in-running nip point. The accident left the employee with a compound fracture to his wrist and tendon damage in two fingers. The injuries required the employee to undergo surgery to get a metal plate inserted into his wrist. HSE investigators found that the firm had failed to properly assess the risks of the in-running nip point.