



*The voice of steel distribution*

*Safe and Sustainable Steel*

**To: All NASS Members**  
**From: Peter Corfield, Director General**  
**Date: 17 December, 2014**

Dear Colleague,

### **2014 REVIEW AND LOOKING FORWARD INTO 2015**

The UK's economic recovery has been progressing well with GDP growth remaining above its long term average and encouraging signs that growth is broadening. Compared to its international counterparts, the UK has grown at the fastest average quarterly pace in the G7 throughout 2013 and 2014. When one reviews the sectors driving GDP, it is noticeable that the service sector has recovered from the financial crisis whilst manufacturing and construction, which represent 10% and 6% respectively, are not seen in the same light. However, when we consider manufacturing in the UK, we note some slowdown in recent months which reflects reduced exporting activities to our main trading focus, namely the Eurozone which continues to demonstrate weak growth.

Manufacturing in the UK, contrary to common belief, is strong and currently the 11<sup>th</sup> largest manufacturing nation in the world. It contributes to 50% plus of UK exports and employs 2.6 million people. In 2014 the UK has experienced mixed fortunes in terms of manufacturing output but it should be noted that, whilst the UK manufacturing sector is still far below pre Crisis strength, it has been on a continual growth pattern for 21 months in a row and creating additional employment opportunities in the process.

Construction is another major market sector for Members of NASS that has seen an encouraging position throughout 2014. The recent trends indicate a potential slowdown but the Q3 Construction PMI rounded off a strong quarter (63.5) which is well ahead of the "50 Index" that is taken as the minimum above which growth is evident in the marketplace.

NASS Members provide a vital role in supply chains to all the key industrial market sectors. It is therefore encouraging to note that both the Government and the CBI have recognised that there is an urgent need to strengthen supply chains within the UK. The targeted action to revitalise domestic supply chains could inject circa £30 billion into the economy and create significant employment in the process. It is hoped that the Government will embrace this opportunity and, together with industry, "breathe new life" into our supply chains and make the UK the destination of choice for manufacturing products. NASS has in 2014 represented the Metals Sector in leading the Supply Chain Work-stream which is a component of the new Metals Strategy being developed for the UK ahead of the 2015 election. It is quite clear that supply chains should drive revenue and not just be striving for lowest cost mentality. Furthermore, to capitalise on this situation, specific focus on supply chains which have been



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“hollowed out” in periods of decline need to be addressed as this can and will provide greater economic value in the UK.

It is not surprising, therefore, that the UK demand for NASS core products in 2014 will be in excess of 6 million tonnes, the highest level seen in the last five years, and some 6% above last year. It is hoped that NASS Members will also have enjoyed good activity throughout 2014 which, in most cases will show improvements on 2013 levels.

This situation is highlighted in the Long Products portfolio which is currently running some 11% above 2013 levels, with the strongest performer being Structural Sections. In fact, it is anticipated that UK demand of Structural Sections will eclipse the one million tonne level this year and further growth is anticipated in 2015. Plate and Profiling activity has shown an improvement of circa 8%, with strong growth evident in lighter gauge products. Flat Products in 2014 is only slightly ahead of last year, which is disappointing given the market is also strong. The positive sales position of Hot Rolled products has been negated by depressed levels of Hot Dipped Galvanised material.

Given the increase in UK demand and activity levels, it is somewhat disappointing to note that revenues have been depressed throughout 2014. Steel suppliers to the UK market in 2014 have reflected the downward spiral of raw material costs in their input prices to steel service centres. This situation has resulted in outsell prices falling throughout 2014 and the likelihood of no improvement in the first half of 2015. So the forecast for next year is probably “steady as she goes” with continued good activity levels but without the desired reward as revenue opportunities appear to be limited.

### ***So, what of NASS in 2014?***

NASS continues to build on its solid foundation and seeks to provide Members with “value for money”. A summary of 2014 is shown below:

- NASS is a Member of the Metals Forum and, together with like-minded Associations, is involved in promoting and seeking to optimise benefits for our Members. It is also a major channel to influence Government with regular dialogue undertaken with the Department for Business, Innovation & Skills (BIS). Throughout 2014 the Metals Forum has been engaged in developing a Metals Strategy for the UK in conjunction with BIS. NASS has led one of the five Work-streams involved in the process, namely the Supply Chain Activities identified within the Strategy. The Metals Strategy document will be published in Q1 2015, ahead of the General Election. It is intended that the recommendations of the Strategy will be promoted and communicated to both Government and Key Industrial Sectors.
- NASS has continued to hold quarterly meetings with the Bank of England. NASS statistics are seen as a good “barometer” of UK demand and, as such, are an important indicator which the Bank of England’s Monetary Policy Committee include within their quarterly review discussions.
- NASS has held strategic level meetings with the UK Risk Underwriters throughout the year. Communication and understanding of the UK marketplace and, in particular, the Steel Service

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Centre sector, has been further enhanced as a result of this process. The robust nature of NASS Members and their ability to manage the economic cycle has been reinforced. Participation in the Annual Credit Seminar has also ensured both NASS Members' and the Risk Underwriters' awareness of issues facing the sector are discussed.

- The Health & Safety Committee has again produced and provided significant guidance to the Steel Service Centre Sector. In fact, the Health & Safety Executive now consider NASS to be the Lead Authority of Health & Safety guidance within the Steel Service Sector. Meetings are therefore convened to identify and formulate the forward direction of NASS Health & Safety Campaigns with the view to "influencing" all Steel Service Centre activity throughout the UK. During 2014 work on the redrafted "Safe Delivery and Unloading of Steel Products" document has been completed. The HSE has endorsed the document which can be viewed via the following link from the NASS website:

[Safe Loading and Unloading of Steel Products Update 2014](#)

- The other major activity with the HSE has been the review of HSG246 "Safety in the storage and handling of steel and other metal stock". This review is nearing completion prior to being subject to the HSE endorsement process. It is anticipated that this document will be the "reference point" for the Inspectorate and Local Authority personnel and will become available in the second half of 2015. In the interim, a summary of the key changes has been made available for NASS Members and can be found on the NASS website: [HSG 246 Update 2014](#)

The final point to note on Health & Safety relates to NASS involvement with EUROMETAL. NASS is now seen as the Lead Body in terms of "Enhancing Best Practice" on Health & Safety matters for European Steel Service centres.

- Product Group Meetings are recognised as the cornerstone of NASS activities. The meetings continue to be well attended by Members and have provided networking opportunities for Members to discuss sector issues in a compliant manner. In view of the increased proportion of UK steel demand being sourced by imports, Liaison Meetings are now held quarterly with suppliers to the UK market for the relevant product portfolio. These discussions provide a good interface for both NASS Members and suppliers to understand the UK marketplace.
- NASS remains a Member of the National Federation of EUROMETAL, which is the representative body of Steel Trade Associations in the European Union. Regular updates on market data, economic forecasts and Business Reports are circulated to Members for information. It has already been mentioned above that NASS will take the lead on Health & Safety activities on behalf of EUROMETAL going forward.
- NASS has seen a resurgence of activities on the uptake of training throughout 2014. The **Metallurgy Course**, which ran on two occasions, has been completed revamped to provide appropriate information to enable "front line" representatives to deliver customer service to their client base. The **Essentials for Inside Sales Course** was re-launched with the likelihood two courses will be arranged for 2015. The **Health & Safety Passport Plus** training for Supervisors



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was held on two occasions, with a repeat likely in 2015. Information on all Courses for 2015 is available from the NASS website.

Finally, training in the form of awareness of steel production was also undertaken with visits to Tata Steel facilities in Scunthorpe (Long Products) and Port Talbot (Flat Products). These visits are on a limited place basis and once again proved to be very popular with full participation taken on both occasions. It is intended to hold these visits again in 2015 and the dates will be available on the NASS website. *NASS wishes to place on record its appreciation and thanks to Tata Steel for providing these awareness training days for NASS Members.*

- NASS was delighted to hold a Manufacturing Visit in 2014 with the assistance of GKN Driveline Birmingham Ltd. Participating NASS Members were given a real insight into a world class facility which is successfully involved with supplying automotive components on a global basis. The opportunity for further discussions and visits in the future is also a distinct possibility.
- The “Steel Index” project has now progressed to a point where we have five years of data. NASS and the University of Wolverhampton are working towards securing a Knowledge Transfer Partnership (KTP). This involves an annual cost in terms of funding but is also expected to meet commercial criteria in generating revenue on an on-going basis. It is hoped this Scheme can be realised in the first half of 2015.
- During 2014 the NASS Website has undergone a series of major changes including access to “Member Only” information through our Alert Colleague function. Members who have signed up to receive alerts will now be notified when updates are posted on Council matters, News, Credit information, Health & Safety and other NASS Events.

The NASS Health & Safety guidance archive has been revised to improve knowledge share and support Members through access to information and guidance. Health and Safety information provided by the HSE for Steel Service Centres is now hosted on the NASS Website and Health and Safety and Logistic Management Presentations have also been incorporated. NASS has invested in educational pages on the website which will host information on how Steel is made, Steel Products and their properties and usage including information which can be used widely and also incorporated into induction training for new employees.

In 2015, NASS will further improve information available on the NASS website. We intend to increase the functionality of the Website through new pages available, links to industry, HSE, CE Marking Association, EUROMETAL and Metals Forum. In addition, NASS will also highlight industry relevant publications released by NASS Members. Finally, NASS will continue the process of modernising the Steel Products listing and search engine capability for use by Members and outside bodies.

- NASS News updates are currently published and circulated as an email. The Updates reflect our involvement with CBI, Black Country Chamber of Commerce and provide an opportunity for Members to update each other with press releases and information about their own businesses.

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It is hoped that the Updates can be incorporated into the NASS website communication process in 2015.

- The NASS calendar has continued to evolve with a number of successful events held during the year. The Annual Dinner attracted some 360 people and £4,428 was raised for the President's Charity, the Alzheimer's Society. The other key networking events, the Golf Day and Ray Day, were also well supported and enjoyed by all participating in the proceedings. The programme for 2015 will include the following:
  - Annual Credit Seminar
  - Safety & Health Awareness Day
  - Golf Day
  - Operations Forum \*
  - Race Day
  - Annual Dinner

*\*NASS has decided, in conjunction with Associate Members, to hold an Operations Forum in 2015. The Forum will address manufacturing, processing, planning and productivity issues within the Steel Service Centre sector. Therefore, it is intended to rotate the Logistics Day and Operations Forum to make them bi-annual events.*

So, as another year comes to a close, we hope you consider the above to be very positive and a good starting point to move forward in 2015. In the year ahead, NASS is optimistic that the Metals Strategy document approved by Government and thereafter potential opportunities for Members of NASS in increased sales activity within manufacturing.

The major focus for NASS in 2015 will be to undertake a "Membership Drive". We will seek to attract new Members to join and, in some cases, revisit opportunities with companies that previously held membership to be encouraged back into the fold.

In conclusion, NASS in 2014 has built on the previous four years' successes. We look forward to your continued support in 2015 and seek to realise further improvements and benefits for all our Members in the process.

It just remains for Karen, Joy, John and myself to wish all Members and their staff a Happy Christmas and prosperous New Year.

Kind regards,



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**Peter Corfield**  
Director General