



Sustainability
Annual Report – May 2009

Introduction

This is the third annual sustainability report produced by Billington Structures Ltd.

In 2006, the British Constructional Steel Association established a Sustainability Charter to assist its membership in implementing sustainable operating systems and to provide a means of measuring its performance and comparing it against other companies in the same business sector. Billington achieved Gold Standard status, the highest level of BCSEA Charter Membership, in 2006 and has retained that award over the past two years..

This report covers the progress made by the Company towards meeting its objectives and targets in 2008 and sets out its objectives for 2009.

Summary

Progress against 2008 Objectives:

Objective	Progress	Comments
Improve Efficiency in Use of Welding Gases and Reduce Waste	Achieved	Leakage Reduced, Preventive Maintenance Instituted, Overall usage cut by 50%
Improve the Efficiency and Reliability of the Compressed Air System	Partially Achieved	Ring Main Installed at Yate. Scheme Developed but not Installed at Wombwell
Source Stacking Timbers Through A Documented Recycled Source Or A Registered FSC Supplier	Partially Achieved	Using 3 Suppliers, One Full FSC, One Mainly PEFC with Some FSC, One Some FSC.
Utilise Existing Software to Switch off IT Equipment when not in Use	Not Achieved	Awaiting Management Commitment to Authorise.
Improve Control of Purchasing Budget and Spend	Achieved	Specified Buyers for Each Project and Overhead. Key Purchase Agreements Re-aligned.
Provide Support to Graduate Trainees and Apprentices to Assist them to Achieve their Qualifications	In Progress	Two Apprentices Qualified, One Graduate Trainee to Apply for Charter Membership in September 2009.
Provide an IT Solution for Managing Timesheets and Leave Requests	Achieved	Timesheets Completed On-line. Leave Booked & Approved via PC.

Details

Improve Efficiency in Use of Welding Gases and Reduce Waste

In conjunction with a consultant, all aspects of welding gas usage have been reviewed. Over a period of approximately 16 months improvements in maintenance regimes, curing leaks, distributing bulk gas to all welding stations, tackling overcharging by the supplier and charging for items not supplied or over supplied has lead to substantial cost savings and across both Wombwell and Yate of an estimated reduction in gas usage by 50% of the original volume. Routine maintenance schedules have been instituted to ensure minor leaks, wear and faulty equipment are quickly repaired or replaced. Staff are now aware of the implications of minor leaks and these are all reported.

Improve the Efficiency and Reliability of the Compressed Air System

Extensive investigations have been carried out at Wombwell to confirm that the compressed air system can be converted to a ring main supply, powered by one compressor running continuously with a second cutting in only to meet high load conditions. The cost of implementing this system is considerable and a full cost benefit analysis has been undertaken. The work was put on hold but a failure of the main air compressor in December 2008 lead to re-evaluation of the scheme and consideration of alternatives.

At Yate, pipe work has been installed to link the various shops, resulting in one compressor being used to run the system with a second, portable, unit being in circuit as standby. Four remaining compressors from the original system have been decommissioned and a saving of £7k per annum has been achieved in reduced maintenance costs alone. Since the installation of the ring main, the standby compressor has not been called into service, demonstrating much improved reliability.

Source Stacking Timbers Through a Documented Recycled Source or a Registered FSC Supplier

A new supplier, providing exclusively FSC certified timber has been added to approved supplier list. However, in general, they will only supply full loads and are significantly more expensive than existing suppliers. Since we are encouraging return of packers for re-use and recycling we do not wish to purchase excessive quantities of new packers.

Of the existing two suppliers, one provides the majority of its timber certified to PEFC with the remainder to FSC while the third buys from north European forestry sites operating their own systems but which are not certified to either PEFC or FSC.

Utilise Existing Software to Switch off IT Equipment when not in Use

Software has now been identified and installed on the System Administrators Computer to enable him to intervene and remotely shut down any computer on the system at a pre-determined time and also cause it to boot up similarly at the start of the working day. There remains a reluctance to implement this action unilaterally.

Improve Control of Purchasing Budget and Spend

All projects now have an individual buyer assigned to them to act as central point of purchasing for the project. In addition a buyer has been nominated responsible for overhead purchasing. Cost head budgets are in the process of development, based on the spend and turnover during 2008 and these will be used to set projected budgets for 2009 so that overheads can be matched to turnover.

Provide Support to Graduate Trainees and Apprentices to Assist them to Achieve their Qualifications

The graduate trainees continue to progress towards Charter Membership and one is expected to submit his application in September 2009.

One apprentice at both Wombwell and Yate has completed their apprenticeship and qualified as full fabricators. The apprentice at Wombwell was also presented with the Apprentice of the Year award. At Yate, there were fabricators who had been given short term contracts to maintain employment after their normal retirement age. Now apprentices have qualified and are capable of taking their place through succession management, these fabricators will retire at the end of their current contracts.

Provide an IT Solution for Managing Timesheets and Leave Requests

Additional modules have been purchased and added to the Bilmis system. The first enables those individuals who complete timesheets to carry out the process on line via their PC. The input data can be accessed by wages and personnel staff for processing but an individuals records are not available to others.

The module for managing holiday requests allows an individual to access their holiday records to view holiday entitlement, holidays already booked or taken and those still available. From their PC they can request holidays. The request is automatically routed to the responsible Head of Department for sanction and confirmation is automatically returned electronically. The individuals records are kept confidential. However, the system does enable a rolling monthly chart to be generated which shows which members of staff are on holiday in the coming month. These two improvements save time and paper.

Sustainability Objectives – 2009

- Continue to improve the efficiency of the three shotblasters across both works locations to meet the target of 15% reduction in usage of shot.
- Continue to develop the process for archiving project data in electronic format. Commission our own archive server and store electronic archive data in a manner that makes it readily retrievable.
- Carry out investigations to determine the possible effects of the Company's activities on the ecology of the land immediately adjacent to the factory on the north-east boundary.
- Develop and implement the necessary procedures and systems to provide a Factory Production Control System, which meets the requirements of EN 1090-1
- Provide an IT module through BilmiS for maintain the qualification and training records of all individuals. This will enable an individual to access their own training record through their PC. It will replace the paper records currently maintained and ensure that all records are up to date. It will facilitate the production of training records and CV's to demonstrate competence to actual and potential clients. It will also automatically generate reminders for refresher training, where applicable.
- Improve the commercial agreements with suppliers in key business areas to achieve improved competitiveness and cost control.
- Improve the supplier prequalification process and performance rating systems to assist in the development of supplier relations.
- Continue to develop the skills of the procurement team to gain improved efficiencies through the procurement function.

Community Involvement

The company seeks to contribute to the well-being of its employees and the wider community in a number of ways. It concerns itself with the health of its employees, it works with local schools and universities for mutual benefit and it helps individuals and organisations through charitable donations.

Employee Health

The company has provided health screening for its staff for the past three years. In 2008 this screening was made compulsory for those staff deemed to be at greatest risk, whilst continuing to be voluntary for Office based staff, where the take-up varies between 40 to 50 % each year. No significant illnesses or work related problems have been diagnosed. However, a small number of staff have had previously undiagnosed, minor ailments identified. In all cases, prompt treatment through their own G.P. has seen the problem controlled or rectified. It is envisaged that health screening will continue to be an annual feature of company/staff relations.

Contacts with Schools

The Yate factory continues to foster the good relationship it has developed with the local school at Chipping Sodbury. Their BTEC students make regular visits to the factory to gain an insight into working conditions and the type of work the company undertakes. We regularly provide surplus material for use in their practical metalwork classes and also sponsorship for various individual projects. As a result of this collaboration we have recruited a number of apprentices directly from the school.

The Wombwell factory has developed a similar relationship with Rotherham Technical College and their technical course students make regular visits to the factory to experience life working for a top structural steel manufacturer. As a result of these visits, their top student for the past two years has joined the Company on an apprenticeship.

We continue to offer work experience places to local schools under the Trident scheme and two youngsters spent some time at Wombwell last year, while one teenager experienced the operations at Yate.

Contacts with universities

We continue to have close ties with the Engineering faculty of Sheffield University, hosting regular visits to the Wombwell premises by Sheffield students. These include presentations and works tours. In addition, senior company engineers give lectures to the student engineering society and the Technical Director acted as a judge for a heat of a design competition, promoted by Corus, competed for by students from the University's Engineering Department.

We also participated in the annual careers fair at the Engineering faculty of Leeds University.

The company runs a graduate training scheme. It currently has one quantity surveying and four engineering graduates on programmes leading towards Chartered qualification.

Charitable donations

The company supports several local charities and good causes. For a number of years, it has made donations to Barnsley Hospice, rather than send out Christmas cards.

It has supported Barnsley and District Schools FA for a number of years, purchasing a kit for one of the teams each year. Mr. PJ Hart, Finance Director, was presented with an award to recognize this serial sponsorship at an under 15's English schools national cup semi-final tie at Oakwell. It also made a donation towards a new pavilion for Barnsley Cricket club. At Yate, it purchased the kit for a local junior school gymnastics team.

The Company has sponsored a local Wombwell swimmer, James Kirton, for some time now. During our period of sponsorship, James has progressed from the regional training squad to become English record-holder at 200m breaststroke and represent the U.K at the European and World Championships. The highlight of his career to date was to represent the United Kingdom in swimming at the Olympics in 2008. Unfortunately, injury robbed him of any medal opportunity.

Economic Performance

Summary

	<u>£000's</u>	
	<u>2008</u>	<u>2007</u>
Sales	59,467	55,004
Profit before Tax	3,677	4,456
Numbers Employed	306	287
Capital Expenditure	386	861

Commentary

The Company enjoyed its best-ever year for sales in 2008 and increased substantially the number of people it employed, mainly because it recruited its own erectors. Prior to 2008, it had sub-contracted all its erection requirements. Profit was down on the record levels of 2007, as tougher market conditions started to bite.

Projects completed in the year included the refurbishment of the former Allders site on the Headrow in Leeds, a factory extension for Rolls-Royce Motors, a multistory building on Park Lane in London, city centre office blocks in Leeds and Sheffield and a number of school and university buildings.