

Inside . . . Page

• Climate Change Agreements – latest developments	3
• Search for heat-treatment-specific management software concludes	6
• CHTA AGM	8
• CHTA Management Committee	8
• Future use of trichloroethylene?	8
• Nickel price	8
• Member news	9
• Diary	10
• Member profile	12
• Market movements	12

Climate Change Agreements

LATEST DEVELOPMENTS:

- New regulations proposed
- Environment Agency to take over from DECC as CCA administrator
- New buy-out mechanism
- New penalty scheme
- New charges

SEA's Dave Elliott reports the proposals on page 3

CHTA Secretariat

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The Contract Heat Treatment Association is not responsible for the statements made or opinions expressed by contributors to *Hotline*.



CHTA is affiliated to the Surface Engineering Association

Benchmarking Club to incorporate commodity prices

*CHTA Vice-Chairman
Richard Burslem reports*

The CHTA Benchmarking Club has been running successfully for almost ten years but a frequent observation has been that all the measures monitored are relative (e.g. energy cost as a percentage of turnover) rather than absolute, such as actual cost of energy.

After discussion amongst the Management Committee, we have decided to expand the Benchmarking Club survey to include some direct measures: unit prices of electricity, natural gas, bulk nitrogen, bulk argon, bulk ammonia and non-accelerated quench oil. This will, in effect, combine into the benchmarking questionnaire some elements of the "Consumable Cost Survey" that CHTA used to administer some years ago.

The pricing information you will need to complete the questionnaire should be

easy to obtain from the most recent bill from your supplier. We are keen to expose those "hidden costs" that our suppliers implement, such as delivery charges, environmental charges, hazardous goods charges and the like. These can inflate what appears to be quite a reasonable price for a commodity to one that is expensive. As a general rule, the Benchmarking Club calculation will be total price on the invoice divided by total commodity used.

The Benchmarking Club is a useful tool to track the performance of your own business over a period of time and to compare it with that of other heat treatment businesses. We think these additional six questions, which will only take a few minutes to answer, will give participating members (to whom the results are exclusively released) very useful information with which to discuss pricing with their suppliers.

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Climate Change Agreements – latest developments

The Surface Engineering Association's Dave Elliott reports on new CCA proposals that will impact on both SEA (our "sector association") and participating CHTA members ("target units").

The Government is proposing to introduce "The Climate Change Regulations 2012" to allow the Environment Agency (EA) to act as the administrator of the new CCAs (rather than DECC) and ensure that they have powers to undertake management of sector-level agreements (umbrella agreements) and target-unit agreements (underlying agreements). The powers include:

- Operation of an electronic registry which will be used for CCA administration and communication. Sector associations and target units will have accounts that will hold information which is currently retained in paper form by Government. Each participant will be able to access information relating to its agreement. The EA will be responsible for providing the IT system, opening and maintaining accounts and ensuring its security.
- Entering into CCAs with sector associations and target units.
- Publication of certificates listing facilities participating in CCAs. These lists will be posted on the EA website and will be updated following the issue of a variation certificate.
- Establishing eligibility of companies seeking to enter into CCAs.
- Completing reconciliation, where target-unit performance against targets is assessed, and operating a buy-out mechanism as a risk management measure.
- Operating a penalty regime for minor infringements. This differs from the present scheme, providing only for decertification or termination of agreements, which can be heavy-handed for minor infringements
- Power to terminate agreements for failure or repeated failure to comply with obligations under CCAs. For example, a target unit failing completely to comply with obligations (other than failure to meet targets) at reconciliation will have its agreement terminated.

Below are the details of the scheme which are currently being consulted upon.

THE BUY-OUT MECHANISM

Background

Under the present CCAs, participants have a risk management option open to them in the form of trading using the UK Emissions Trading Scheme (UK ETS). By purchasing additional allowances through trading, the

target units are deemed to have passed their targets and remain within the scheme. Target units that over-perform against their targets "earn" allowances that they can ring-fence, for their own use, or trade with other UK ETS participants. The UK ETS is scheduled to close in 2012 and will not be available for the new agreements scheduled to commence in 2013.

A risk management option will be made available to target units under new CCAs, but this will take the form of a buy-out mechanism. A fee, calculated on underachievement against targets, will be paid to the Environment Agency who will be the administrator for the new agreements. By payment of the buy-out fee, the target unit will be allowed to remain in the scheme.

The mechanism

The buy-out mechanism will be used at reconciliation, where performance against targets is assessed at the end of each target period. It may also be used during the target period where errors have been identified; for example, following an audit. (This is in addition to any applicable penalty).

Regulation 12 of the draft of *The Climate Change Agreements Regulations 2012* sets out what scheme participants will have to do if they have failed to meet their target and wish to retain their Climate Change Levy discount.

Those participants failing to meet their targets will be notified by the EA following submission of reporting data. Notification of the amount of the buy-out fee to be paid will be dispatched to the target unit. This will account for any banked overachievement (see below). There will be a 15-working-day period within which the target unit will need to pay the buy-out fee in order to be recertified. Following payment, the EA will update the IT system and the target unit will be recertified for the next target period.

If the target unit fails to pay the necessary buy-out fee, within the 15-working-day time frame, it will be subject to decertification or termination of its agreement for failure to meet its target. EA will inform the target unit via a decertification or termination notice.

Government considers that, with the new buy-out system, there may be no need for both decertification and termination processes, and the scheme could be simplified by allowing for only termination. This is because the buy-out mechanism provides certainty that those target units who wish to comply will be able to retain the Levy discount. This is a significant change from the previous situation, with UK ETS, where the possibility existed (never in practice realised) that there would be insufficient allowances for a target unit to adjust for its underachievement.

Use of overachievement

There is the potential for a target unit to overachieve against its target. Therefore if, for example, a target unit meets its target with 100 tonnes of carbon to spare, the surplus will be recorded in the EA IT system and will be used to offset any underperformance at a later date. The way overachievement is handled within a bubble (an agreement of multiple facilities) will be covered in guidance.

Calculation of the buy-out fee

For the first two target periods, the buy-out fee will be set at £12/tonne applicable to the amount of carbon by which the target unit has missed its target.

For example, if a target unit fails to meet its target by 100 tonnes carbon, then the fee would be $100 \times £12 = £1200$. If the target unit has no banked overachievement, then it will have to meet the full payment of £1200.

If, however, the target unit has previously banked overachievement, then this will be used towards meeting the target. Using the example above, with 60 tonnes of banked overachievement, the fee payable would be $(100 - 60) \times £12 = £480$. In the same example, but where 150 tonnes of overachievement had been previously banked, no fee would be payable and 50 tonnes overachievement would remain in the IT system.

PENALTIES

Overview

The Introduction of a more nuanced penalty scheme was proposed in the September 2011 consultation, "Consultation on Simplifying the Climate Change Agreements Scheme". The Government has decided to take forward the proposal on penalties as set out in the consultation.

This penalty system will provide a more proportionate and flexible response than is available in the current scheme, where there are no intermediate measures of enforcement, only decertification or termination which result in complete loss of the Levy discount. Regulation 15 of the draft regulations sets out the infringements that will be subject to a penalty and how these will be calculated. These are also described below. The level of the penalty has been designed in accordance with Macrory principles, and in particular to be fair, proportionate and an effective incentive to encourage compliance.

Category 1 infringements

These are designed to cover minor infringements of the underlying agreement, which can be rectified and do not warrant termination if rectified. (Failure to rectify these matters may still result in termination,

as a second stage.) The list below sets out those infringements that will be covered under category 1 penalties.

- Failure to provide the target period information to the administrator, using the register, by the last working day in April following the end of a target period;
- Failure to provide any other information, to enable the administrator to determine that the account target unit is meeting its target or complying with the terms of its climate change agreement, requested at any time by the administrator by the date specified in the request;
- If purported compliance with the requirement to provide any other information provides inaccurate information; or
- Failure to notify the administrator within 20 working days of any changes which would result in a variation of the underlying agreement.

In each of the cases, the EA will issue a notice setting out the deadline for remedy (if appropriate) and payment of the penalty. If, by the time the deadline is reached, the EA is not satisfied that sufficient progress has been made in remedying the matter, it may terminate the agreement. It remains the case that failure to comply with the terms of the agreement may lead to termination.

The level of penalty, to be applied under one of the above infringements, is the greater of £500 or 10% of the approximate value of the CCL discount. All penalties will be applied at the target-unit level.

The value of the CCL discount is taken as a scaling factor, recognising that CCAs cover a huge range of different-scaled organisations, whose benefits from the scheme vary by several orders of magnitude. The monetary benefit to participants of underpaid CCL ranges from hundreds to millions of pounds. The value of the CCL discount received by the participant has been chosen as the basis for setting penalties, rather than emissions incurred by the participant and reported in CCAs, as the latter may not be a good proxy for the value of the agreement to the participant for a number of reasons. These are:

- Participants may receive CCL discount on the consumption of fuel that will not be reported in CCAs in the new scheme;
- Not all fuel types consumed and, therefore, generating CO₂, reported by participants, attract the CCL. For these fuels there is, therefore, no CCL discount;
- The CCL payable (and therefore levy discount that can be claimed) per unit of CO₂ emitted varies across the different fuel types attracting the CCL.

However, the exact level of the CCL discount for each target unit is a matter for HMRC, and the administrator will not have access to this data. Therefore, it is proposed that an approximation to the value of the partici-

ant's CCL discount will be used as the basis for the penalty value which will be recorded in the agreement. This penalty value will remain fixed for the duration of the agreement.

The calculation of the approximate value of the CCL discount will be based on the total fuel by fuel type reported by the target unit in the base year. This will include all fuels on site which are eligible for the CCL (including those covered by EU ETS). The fuels which attract the CCL will then be multiplied by the CCL rate for each fuel, as published by HMRC in 2013, and then by the applicable CCL discount factor applying to each fuel, again in 2013. When this is done for all CCL-attracting fuels consumed by the target unit in the base year, and summed, the result is the approximate value of the agreement to the target unit. Multiplication of this assumed value of the agreement by 10% will then give the penalty to be applied to the target unit, if greater than £500.

Category 2 infringements

The second category of penalties is scalable in relation to the size of the infringement. It will be applied to participants who are found to have misreported data, including baseline data and target-period data. This penalty, applied at the target-unit level, will be the greater of £500 or £12 per tonne of CO₂ of the quantity of emissions that were inaccurately reported.

This penalty is not exclusive to the misreporting of emissions and will apply to cases where there are found to be errors in the data used to calculate targets. In the latter case, the correct data will be used to recalculate the target and the position of the target unit against this recalculated target reassessed. If the target unit is found to underperform against the recalculated target, then the underperformance will be converted to CO₂ and a penalty of £12 per tonne of CO₂ will be applied.

Payment of this penalty will be in addition to any need to use the buy-out mechanism to meet targets. This is needed to maintain an incentive to report correctly at reconciliation.

FEES AND CHARGES

Overview

The Government will hand over the administration of CCAs to the Environment Agency and will transfer the costs of administering the agreements from the taxpayer to the participants. The costs of scheme administration will be recovered via a charging scheme implemented by the EA. The Government will provide (via primary legislation) the administrator with powers to make and review such a scheme following approval by the Secretary of State. A single set of charges will apply throughout the UK.

The general principles underlying any charges are that they must be fair and reflect

the actual cost of the work, they must be calculated consistently and they must be easy for charge payers to understand. In addition, the EA must adhere to the following principles:

- Income from changing schemes can be spent only on the individual functions to which they relate.
- Charges should recover only the costs that the Secretary of State considers appropriate.
- Charges should fairly reflect the cost of administration.
- Any over-spend or under-spend from a charging scheme must be taken into account when annual charges are set for the next financial year.

Calculation of administrative costs and proposed charges

Administration of CCAs will be light touch. A new web-based IT system is to be developed that will allow participants themselves to register, amend details and undertake other actions. The proposed charges detailed below reflect this change.

The EA have modelled the estimated costs over the first target period and, based on the current number of participants, have derived proposed charges. Costs were calculated by taking into account those currently incurred by DECC, existing technical consultancy costs, estimates of operational costs, to maintain the IT system, and the EA's internal costs of taking payments and providing support. The EA anticipate costs between £1.2m and £1.6m per annum and that proposed charges are calculated at the higher end of this range until roles and responsibilities are finalised.

Included in this estimate are office and energy costs and support services necessary for front-line operational work (such as finance, procurement and legal). It also includes all the financing costs (such as rate of return and depreciation) which the EA are required by HMT to recover. These represent approximately 28% and 5%, respectively, of the total cost.

Government has scrutinised these costs and worked with the EA to determine the types of charge needed to recover costs for administering CCA as fairly as possible. Two options for charge types are proposed:

- Option 1 Simple flat-based annual subsistence charges for both sector associations and target units. These would cover all costs associated with holding an agreement, including where a variation to an agreement is undertaken. These are proposed to be £1000 and £370 per annum respectively.
- Option 2 Simple flat-rate annual charges for sector associations and target units with a separate charge for variations. These are proposed to be £1000 and £350 with £75 for each and every variation.



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Search for heat-treatment-specific management software concludes

As noted in the member profile in *Hotline 125*, Heat Treatments (Northampton) Ltd has made a significant investment that could be of interest to other heat treaters. Here, Director **Phil Brothers** reviews the project which sees his company become the first UK user of Visual Shop, the specialist software for the heat treatment industry.

A few years ago, Heat Treatments (Northampton) Ltd was faced with a major problem concerning its computer system. Our IT specialists advised us that the expertise within their company, to support our system, was coming to an end as employee retirement was fast approaching.

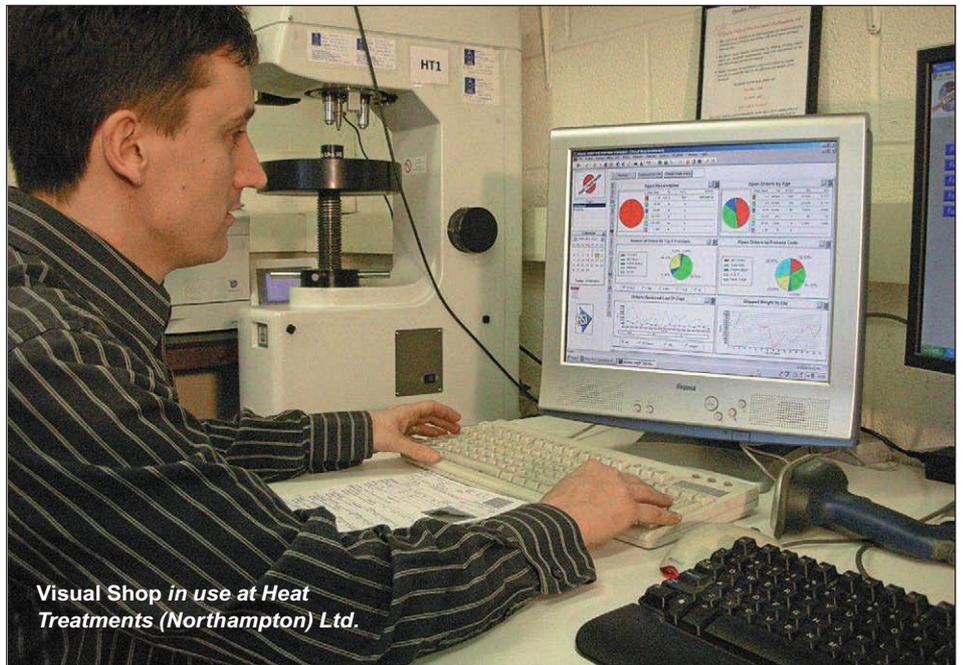
The problem was to find a computer program that would replace our existing software. Before recording the solution, it's probably best to go back in time, to our first computer system, and give some background as to how we arrived at this point.

Background

Some twenty years ago, a small up-and-coming computer firm joined forces with us to develop a program to control our heat treatment requirements. Over the next year, we achieved what we originally set out to do: to have a system that produced orders, delivery notes, traceability and test certificates.

Unfortunately, we outgrew our IT supplier who was unable to give us the level of support that was required. After much searching, we found a company that was familiar with the software language in which the program was written and who were pleased to offer their support. This ran smoothly, for a couple of years, until they too lost the skills within their company to support us; we were cast aside because "systems move on".

However they did discover our current IT provider, who has given excellent support over the years. They also offered us a solution to our software dilemma: if it was rewritten in *Windows* format, it would solve



Visual Shop in use at Heat Treatments (Northampton) Ltd.

all our problems well into the future. That sounded like the answer until a quotation was produced for us, following which a stiff drink was needed! We could not justify spending tens of thousands of pounds on something we already had which was working well, even if it would, as they said, look different.

A few years ago, we explored the possibility of buying an off-the-shelf software package. We found the British market had nothing to offer that we considered was an improvement on the software we already had. We contacted some of our fellow heat treaters who were kind enough to invite us to cast an eye over their systems. We thank them sincerely for this, but unfortunately did not find what we were looking for.

Visual Shop

We looked to America. Surely there was a product there that would offer the cost-effective solution we were seeking? Sure enough, we found it: *Visual Shop* from Illinois-based Cornerstone Systems Inc (CSI).

This program was written by a heat treatment expert with many years of knowledge of what would be needed to ensure complete satisfaction in this type of product. The on-line demo was excellent. It appeared to cover all the requirements we were seeking and many more we had not even considered. The only negative we could see was buying from a company that was based in the USA. How would

they be able to support the system if problems arose?

While we were still considering this, disaster struck. The UK was plunged into recession. All unnecessary expenditure was put on hold and *Visual Shop* went to the back of our thoughts.

The recession was survived and we saw a return to even better trading conditions than those before it began. Available funds and a couple of computer crashes spurred us into action and we picked up where we had previously left off. Following many telephone conversations with CSI, and a further search for a British-based program, it was decided to go ahead and purchase *Visual Shop*.

Decision made and purchase order duly placed, "What do we do now?" was the question we asked ourselves. Well, as it happened, our purchase coincided with the CSI *Visual Shop* 2011 user conference, the only problem being that it was taking place at Caesars Palace, Las Vegas. We "reluctantly" packed our suitcases and jetted off to do some serious work.

The conference was very successful, although a good understanding of computer systems, not my best subject, was required. My colleague followed proceedings more easily and, with a bit of one-on-one extra instruction, which CSI gladly gave us, we returned with a fuller appreciation of the task ahead, albeit with much trepidation. Marshall Handelsman, President of CSI, has been extremely helpful and was totally confident in being able to support our system.

Visual Shop experience in the States was the subject of an article in *Hotline 117*.



They have users in many countries, including Australia, who we contacted for their view on how successful the system support has been for them. Their response gave us the confidence to proceed. Marshall did explain that setting up the system would take us around three months, as we would be required to input much data. This was something CSI was unable to do for us, as this information is unique to each individual heat treatment company (i.e. furnace identification, customer process details, quality requirements, etc). With well over a thousand regular jobs to input onto our new system, Marshall's estimation of a set-up time appears to be reasonably accurate.

Initial operating experience

Although a little behind schedule, the new system has been live for two weeks* and, overall, things are looking very good. A few minor problems were encountered and hastily resolved by ourselves; this was expected and mainly concerned how we set up the software. The important thing is how easily changes can be made without having to resort to CSI for help. The "tracking", the audit trail of processing, is very impressive. We opted for the bar-code option, but could also have used manual or even wireless. This was easy to set up and, after the purchase of scanners, was a simple case of "plug and play". There are hundreds of forms available within the software to use for process cards, despatch notes and test certificates, etc. If any require amending, to suit the



user's own requirements, this can be done by CSI, but there is a charge for this service, as there is for the development of your own custom forms, if required. We have contacted CSI on many occasions for help and advice over recent months and found their support generally to be very good. However, you have to be clear and precise with your instructions as there can be a difference in terminology between America and the UK. There are also a few terms used in the software that confused us at first, but these were soon understood and caused no problems whatsoever. The reporting aspect of the software is excellent and, with a few key strokes, it will tell you which stage of processing customer components are at. Even more impressive are the reports, in chart form on the "dashboard", that give information on plant usage, turnaround, top customers, etc. The connection to our SSI furnace

control systems was made easily, during one of SSI's scheduled visits, and now gives us the option of producing furnace charts at the same time as raising despatch notes and test certificates.

The program also produces invoices and has its own sales ledger, which can be set up to automatically e-mail or print documents like invoices, statements and despatch notes. Surprisingly, the program has no purchase ledger, but this was not an issue as we use Sage accounting systems and CSI can supply links to this and other accounting software, which was our preferred choice.

Visual Shop is certainly a very versatile software package. It not only allows you to configure it to your own business needs, but also to those of your customers and the "special requirements" that most customers now insist upon. Within Visual Shop you can create and build a vast database of parts, weights, pictures, processes, prices, and quotes that can be interlinked to make managing your plant from the "dashboard" of your workstation painless.

CSI's claim to be the "world's leading supplier of software to the commercial heat treating industry" is very impressive. It's still early days yet, and there is much to discover about the program. I'm sure the next few months will enhance our understanding of the software and we look forward eagerly to introducing more of the many features available.

Many thanks to Marshall at CSI and SSI's Tim Reed and Matt Cross for their help in setting up what looks to be an excellent purchase.

*Article submitted 10 February 2012

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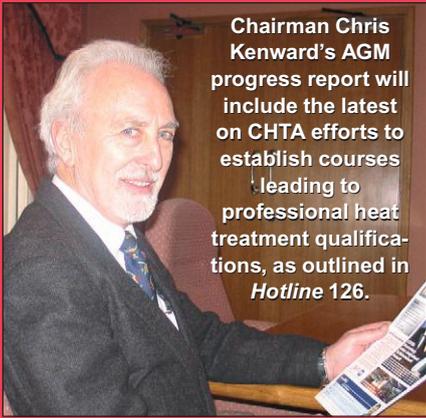
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A date for your diary...

CHTA AGM 10 May 2012

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Members will again be able to update on CHTA and SEA activities at this year's Annual General Meeting, to be staged at SEA's headquarters. Full details will be circulated in mid-April.



Chairman Chris Kenward's AGM progress report will include the latest on CHTA efforts to establish courses leading to professional heat treatment qualifications, as outlined in Hotline 126.

Congratulations Simon, thank you Dave

A busy Management Committee meeting on February 9th saw **Simon Blantern** of Bodycote Heat Treatments elected Junior Vice-Chairman of CHTA and Wallwork's **Richard Burslem** confirmed as Senior Vice-Chairman for another year.

Simon, Vice-President Bodycote Sales, is scheduled to take over as CHTA Chairman in February 2013 when **Chris Kenward** completes his maximum two-year term in the post.

The Committee was sad to learn that it would lose the sterling services of **Dave Walker**, for the last decade the represent-

ative of Beta Heat Treatment / Clayton Thermal Processes. Dave is retiring as company MD at the end of April after 41 years in heat treatment. After studying metallurgy at Wednesbury College of Technology (1966-1970), his career has spanned 19 years with Birmingham-based ICI Cassel Heat Treatment Service / Degussa and 22 with fluidised-bed specialists Schwing and its purchaser Clayton at Oldbury.

CHTA thanks Dave for his much-valued support and wishes him a long and happy retirement.



Dave Walker

Richard Burslem

Simon Blantern

NORTH AMERICAN 2011 HEAT TREATMENT SALES UP BY 19.7%

CHTA counterparts participating in the Metal Treating Institute's Monthly Sales Statistics Program reported total heat-treating sales of \$981.9million in 2011, a gain of 19.7% from the \$820.2million posted for January-December 2010. December billings amounted to \$78.5 million, a rise of 14.8% compared with December 2010's \$68.4million. The latest returns indicate January 2012 sales of \$88.5million, an increase of 18.5% over January last year when billings amounted to \$74.7million.

Future use of trichloroethylene?

Under REACH legislation, substances that may have serious effects on human health and the environment can be identified as Substances of Very High Concern (SVHCs). REACH aims at ensuring that the risks resulting from the use of SVHCs are controlled and that the substances be replaced where possible.

In December, the European Chemicals Agency (ECHA) announced that trichloroethylene is amongst the latest list of thirteen SVHCs that it had submitted to the European Commission. with the recom-

mendation that they should in future not be used without authorisation (i.e. should be included in "Annex XIV" of the REACH regulation).

Committed to the sustainable use of trichloroethylene, Dow has subsequently confirmed that European manufacturers and importers have requested an exemption for its industrial use for surface cleaning in closed systems. If this exemption is included in Annex XIV, no authorisation will be required for this particular application of trichloroethylene.

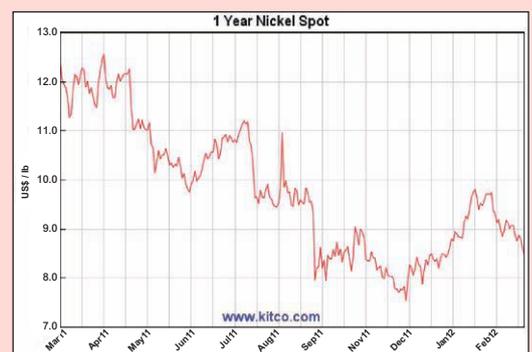
Spread the word by proclaiming your CHTA membership



For use on company letterheads, literature, websites and advertisements, members can download CHTA's logo from the Members Area of the Association's website.

A member asks: "I wonder if you could include in Hotline a note of the current price of nickel as it has dropped in the last six months? When replacing tubes, baskets etc, it would be good to have a reference."

Accordingly planned as a regular Hotline feature, the chart here is reproduced, with kind permission, from www.kitco.com. Note that nickel price is quoted in US\$/lb.



Member news

ADI MARKET DEVELOPMENT

2011-2012

European production of austempered ductile iron (ADI) castings recovered significantly in 2011, according to specialist heat treaters ADI Treatments Ltd.

Speaking from the factory in West Bromwich, Managing Director Simon Day said that the company's throughput has grown 33% on pre-recession levels (2008). Part of the increase is a recovery and growth in domestic orders, in addition to new business from continental foundries. He added that other major ADI producers have also experienced significant growth levels and that total UK production now stands at about 8000 tonnes pa.

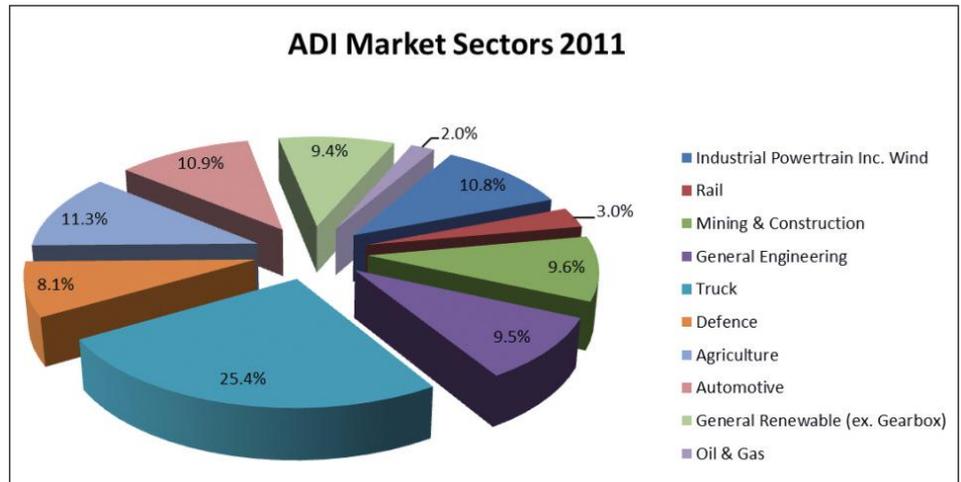
Simon spoke confidently about the future for ADI materials in Europe: "Our USA partners have seen steady growth for more than ten years and our market in Europe appears to be following the same path. We are expanding our production capacity by more than 50% in the coming months to meet demand from new customers in the wind turbine and automotive industries".

ADI Treatments Ltd operates special austempering furnaces utilising controlled-atmosphere semi-automatic batch quench technology and is happy to advise on the suitability of austempered irons and steels for customer applications.

KEIGHLEY LABS ACCREDITED TO LATEST AEROSPACE STANDARD

The heat treatment division of Keighley Laboratories has been certificated to the AS9100 Revision C standard, the quality management system for the aviation, space and defence industries.

Designed to meet the stringent and complex demands of the international aerospace industry, AS9100 is the highest certification in the sector and Revision C the latest version of a standard with which all suppliers must comply, in order to ensure a listing on the OASIS (online aerospace supplier information system) database.



Recommended for accreditation after a three-day audit by BSI, the West Yorkshire company has strengthened its position as a specialist technology provider and augmented its existing accreditation to BS EN ISO 9001:2008. Earlier, a four-man team led by Heat Treatment Technical Manager, Allan Carter, a qualified metallurgist and chartered engineer, had put in place a year-long programme aimed at implementing changes to internal systems and procedures necessary under Revision C.

"The major themes for the new AS9100 specification were risk assessment and customer satisfaction," says Allan. "This has entailed reviewing all of our First Article Inspection reports and developing risk management procedures for all new aerospace work, including treatment process sheets identifying temperature and soaking times, quenchants used, testing stages, case depth and other technical criteria.

We have also introduced methods for measuring customer satisfaction, by recording on-time delivery performance and customer feedback, as well as carrying out routine calls and surveys. These procedures are primarily aimed at organisations in the aerospace sector, although our clients in other industries also appreciate these enhanced standards."

Recognising the need for compliance across the industry, in 1997 a group of major US aerospace manufacturers released a single unified quality standard, AS9000, which was subsequently replaced and updated by the internationally-adopted AS9100 that is based on ISO 9001.

Released in January 2009, Revision C is the fourth and latest version of the standard, taking in the revised requirements of ISO 9001:2008 and nearly 100 additional criteria specific to the aerospace industry. Revision C changes include greater focus on planning and project management, additional emphasis on risk management and mitigation, and the need to develop plans for continuous improvement of customer satisfaction.

A major requirement, within Revision C, is for organisations to take responsibility for their specific supply chains and ensure that all products making up aircraft components conform to standard, including implementing the necessary processes to verify procured products and services. As an AS9100 Rev C accredited supplier of heat treatment services, Keighley Labs can offer its customers a quality management system accepted by the aerospace industry and ensure compliance with risk management throughout the supply chain.

For the best in subcontract heat treatment services, go to . . .

www.chta.co.uk

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**The
Contract
Heat
Treatment
Association**

Diary

April 10-11 2012
HEAT TREATMENT FOR PROFESSIONALS
 Rotherham, England www.namtec.co.uk

April 17 2012
BIFCA Technical Series:
FURNACE MODELLING
 West Bromwich, England www.bifca.org.uk

April 22-25 2012
5TH INTERNATIONAL BRAZING AND SOLDERING CONFERENCE
 Las Vegas, Nevada, USA
www.asminternational.org/content/Events/ibsc/

April 25-26 2012
METALLURGY FOR NON-METALLURGISTS
 Rotherham, England www.namtec.co.uk

April 26 2012
CHTA PUBLICITY SUBCOMMITTEE*
 Birmingham, England

May 9 2012
KTN SURFACE ENGINEERING EVENT
 Derby, England
<https://connect.innovateuk.org/web/6773167>

May 10 2012
CHTA MANAGEMENT COMMITTEE / AGM*
 Birmingham, England

May 16 2012
BIFCA Technical Series:
FURNACE AND BURNER CONTROLS
 West Bromwich, England www.bifca.org.uk

May 22-23 2012
VACUUM CARBURIZING SYMPOSIUM
 Troy, Michigan, USA
www.aid-holcroft.com/VacuumCarburizingSymposium.aspx

June 6-7 2012
A3TS 2012
 Grenoble, France
 40th Congress on Heat Treatment and Surface Engineering: www.a3ts-congres.fr

June 12-14 2012
SUBCON 2012
 Birmingham, England www.subconshow.co.uk

June 25-27 2012
1ST INTERNATIONAL CONFERENCE ON ENERGY AND THE FUTURE OF HEAT TREATMENT AND SURFACE ENGINEERING (IFHTSE)
 Bangkok, Thailand www.mtec.or.th/EFhtse2012/

July 9-13 2012
FARNBOROUGH INTERNATIONAL AIRSHOW
 Farnborough, England www.farnborough.com

July 19 2012
CHTA PUBLICITY SUBCOMMITTEE*
 Birmingham, England

July 26 2012
CHTA MANAGEMENT COMMITTEE*
 Birmingham, England

September 10-13 2012
6TH INTERNATIONAL QUENCHING AND CONTROL OF DISTORTION CONFERENCE / 4TH INTERNATIONAL DISTORTION ENGINEERING CONFERENCE
 Chicago, Illinois, USA
www.asminternational.org/content/Events/qcd/

September 25 2012
BIFCA Technical Series:
BURNER TECHNOLOGY
 West Bromwich, England www.bifca.org.uk

October 2-3 2012
FURNACES NORTH AMERICA 2012
 Nashville, TN, USA
 The Metal Treating Institute's conference and exposition: www.furnacesnorthamerica.com

October 9-11 2012
UNDERSTANDING HEAT TREATMENT Birmingham, England
 77th repeat of Wolfson Heat Treatment Centre's course. Details from Derek Close: tel: 0121 237 1122; e-mail: derek.close@sea.org.uk; www.sea.org.uk/whtc

October 9-11 2012
ALUMINIUM 2012
 Düsseldorf, Germany www.aluminium-messe.com

October 10-12 2012
68TH HÄRTEREI-KOLLOQUIUM Wiesbaden, Germany
 German-language heat treatment conference and exhibition: www.awt-online.org

October 18 2012
BIFCA Technical Series:
FURNACE AND BURNER CONTROLS
 West Bromwich, England www.bifca.org.uk

October 19 2012
SEA AWARDS
 London, England www.sea.org.uk

**Members wishing issues to be raised at CHTA meetings should notify CHTA's Secretary, well beforehand, at mail@chta.co.uk.*

ADVERTISEMENTS

Advertising in *Hotline*

Hotline welcomes advertising (other than recruitment) from CHTA members and suppliers to the trade.

2012 RATES

Single-insertion charges for black-and-white ads:

Size	Dimensions	Charge
Quarter page	121mm high x 86mm wide	£190+VAT
Half page	121mm high x 178mm wide or 254mm high x 86mm wide	£335+VAT
Full page	254mm high x 178mm wide	£600+VAT

For full-colour ads, add an extra £253+VAT to each of the above charges.

Advertisers in four consecutive quarterly editions of *Hotline* are entitled to a series rate where all of the above prices are discounted by 20% per insertion.

Deadline for booking ads in June's *Hotline* 128:

May 17th

For further details, contact *Hotline* Editor Alan J. Hick

Tel: 0121 329 2970; e-mail: mail@chta.co.uk



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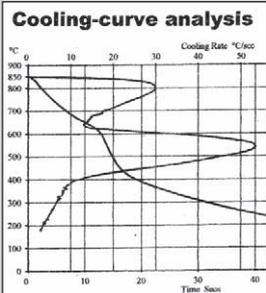
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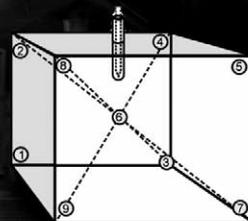
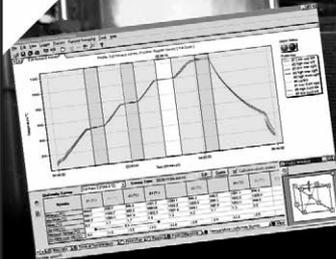
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Controlled Heat Treatments Ltd

Managing Director **Keith Hayward** traces the history of the Lye-based company.

As a founder member of CHTA, Controlled Heat Treatments is proud of its contribution to establishing contract heat treatment as the viable alternative to in-house heat treatment.

Originally itself an in-house heat treatment plant, serving the requirements of its parent company John Folkes (Lye Forge) Ltd, the management recognised the potential of increasing efficiency and reducing cost, by increasing production throughput, and set about offering its services to local forges, foundries and steel works.

Such was the success of the exercise, it was not long before external business outstripped the volume of internal orders, and it was decided to create a stand-alone business. For commercial reasons, orders from the parent company were costed and charged on the same basis as external customers. The satisfying result was a reduction in the parent company's heat treatment costs due to the increased throughput and professional management of the business.

In the early fifties, rapid expansion of the operation necessitated a move to purpose-built premises adjacent to the Lye Forge site. The success story continued through the sixties, with plant operational 24/7 and additional furnaces being installed on an annual basis. Eventually it became obvious that the only way to keep up with rising demand was to acquire another heat treatment company.

In 1971, the purchase of Specialized Heat Treatments was completed. A well-respected business serving a similar customer base, it was operating inefficiently due to lack of investment in modern plant and equipment. Improvements were soon made and the enlarged organisation continued to prosper until the early eighties, when recession brought about a change in the industrial landscape, presenting a major challenge.

After 30 years of continued expansion, it was time to rationalise and consolidate; so it was decided to relocate Specialized Heat Treatments into the premises of Controlled Heat Treatments. In the process, a new one



Keith Hayward (centre) hosting a 1988 visit to Controlled Heat Treatments by HRH Prince Michael of Kent.

Market Movements

ANALYSIS OF QUESTIONNAIRE REPLIES RELATING TO 33 CHTA MEMBER SITES

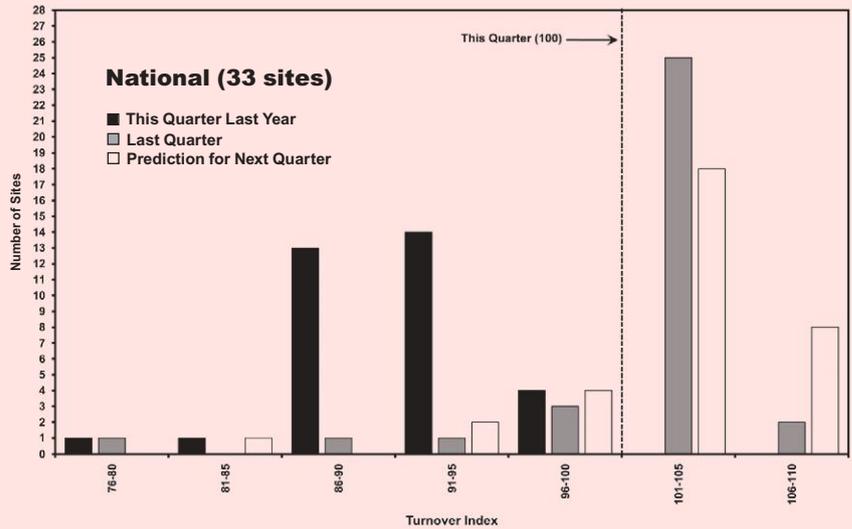
"THIS QUARTER" =

**1 OCTOBER –
31 DECEMBER 2011**

= **TURNOVER INDEX 100**

**OVERALL ANALYSIS
(33 SITES)**

	Mean index
This quarter last year	91.2
Last quarter	100.6
Predicted next quarter	103.2



tonne/hour continuous hardening and tempering plant was installed and many other furnaces were upgraded to cope with the additional tonnage. Completion of the project was celebrated by a royal visit and productivity from the enlarged plant reached record levels.

A period of stability followed through the nineties until 1999, when another milestone was reached with the acquisition of Express Heat Treatments. This development injected a fresh impetus to the growth of the business and brought with it a youthful new management team. The combined operations took the company to new heights and confirmed its position as one of the UK's leading heat treaters of volume drop forgings.

In recent years, a contraction of the forging industry, due to increased overseas competition, has encouraged us to diversify into different markets. We now have contracts serving oil, gas and petrochemical industries as well as automotive and general engineering.

Looking to the future, we are confident that a rebalancing of the British economy, combined with the continuation of our own philosophy of prudent investment, will bring with it further achievements.

Please send comment and news items for June's Hotline 128 to: mail@chta.co.uk Deadline: May 24th