

BASA Bulletin

INFORMED COMMENT FROM THE BRITISH ADHESIVES & SEALANTS ASSOCIATION

Adhesives and recycling – why the question should not be 'Is your adhesive recyclable?'

Recycling adhesives might not be as crucial as people think, especially when we're discussing recovering bonded articles. Consider this: adhesives are used in a myriad of applications, from simple labels to intricate aerospace components. The real value lies in the bonded items rather than the adhesives holding them together.

When you recycle bonded articles, the focus is primarily on the recovery of the valuable materials from those items – metals, plastics, paper, glass, etc. The adhesive is often a small fraction of the total mass, and its economic value is minimal compared to the materials it bonds. Given the complexity and energy required to separate adhesives from bonded items, the cost-benefit ratio tilts heavily towards focusing on the recovery of the bonded articles as a whole.

In many cases, the adhesive may even be designed to be non-recoverable or non-recyclable due to its specific functional properties, like resistance to heat, chemicals, or moisture. Trying to recycle these adhesives could entail complicated processes that aren't worth the minimal returns. It's a bit like trying to remove every speck of glue from a label to recycle the glue itself – the effort just doesn't match the payoff.

Moreover, from an environmental perspective, the energy and resources needed to recycle adhesives might outweigh the benefits. It's often more sustainable to focus on optimizing the recycling process for the primary materials and improving the lifecycle management of products to minimize waste. So, while recycling adhesives sounds good in theory, it's the bigger picture – recovering bonded articles – that really matters. Let's channel our energies towards the aspects of recycling that bring the most significant returns, both economically and environmentally and design for material recovery where it makes sense.



Welcome



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ORGANIKKIMYA

New members joining BASA

ISO TC 59 SC8 Sealants

The main committee and working groups convened in Osaka, Japan on the 23rd and 24th of October. Project work looked at systematic reviews of multiple ISO standards, including: ISO 11431, ISO 11527, ISO 13640, ISO 16398-1, and ISO 16938-2. Additionally, there was a concerted effort to advance the work on ISO 19067 to the next stage. Looking ahead, new initiatives focusing on Paintability and Sanitary Sealants are scheduled to commence in the upcoming year.

Valerie Hayez from Dow has been nominated as the new chair. She will be succeeding Ruud de Block from SABA, with her term beginning on the 1st of January, 2026.



A thought piece about the use of AI

During recent meetings the use of AI was raised, and I thought that members might find it interesting to read an article about the use of AI in the chemicals sector. At this year's FEICA conference we heard many presentations about the increasing use of AI, and certainly there is the prospect that many areas are likely to be touched by technology in (hopefully) a positive way.

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CEO Welcome



Dear Members,

As we (dare I say it) approach Christmas, I would like to thank you all for your support of the Association this year. We have had the usual avalanche of regulation and legislation to deal with through our consultants and the members of the working groups, but we have also maintained our annual presence at ChemUK in May, have launched a new website linked to a membership management system in August and we are running our first ever BASA Awards night on 22 November 2024.



I would like to thank the current sponsors for the awards night: Azelis, F. Ball and Co. Ltd, Rakem Group, Synthomer and Wacker for supporting this event, and also the 20 companies who entered for an award and the 15 short-listed finalists.

The event is hosted by the stand-up comedian Jimmy McGhie and promises to be a great celebration, showcasing the best that the adhesives and sealants industry has to offer, along with an enjoyable meal and top-notch entertainment! Join us on 22 November at the East Midlands Conference Centre in Nottingham to see the winners revealed.

We then have our 2025 programme kicking off with an online dangerous goods awareness training on 28th January, this session will introduce the dangerous goods regulations and help you to identify the dangers. This session focusses mainly on the road regulations, with references to some of the differences between the modes. More detailed training can be arranged if members have an interest in particular areas of the dangerous goods regulations. Register for this free training on the BASA website.



We also have the Business Forum, AGM and Industry Lunch on 18th March in Wolverhampton, and the BASA Sports Day on June 18th (see the 2024 Sports Day write up on page 7 for a review of this year's event).



On a final note – please make sure you and your colleagues have access to the new BASA website. If your email address was registered on the old website, then you can self-register by creating a new account via <https://members.basa.uk.com/MIC/Login>. Please note that if you get a message that your email is not on the system, you will either need to get a colleague to add your email first, or drop James an email at enquiries@basa.uk.com and he can add you and email you the account invitation.

I hope you all have a good Christmas, and I look forward to seeing some of you at BASA events over the next 12 months.

Lorna Williams
CEO, BASA
www.basa.uk.com
secretary@basa.uk.com

Encouraging member companies to involve their employees in BASA working groups is essential for the success and progress of our sector. BASA plays a critical role in shaping best practices, setting standards, and providing insights via the Construction, Packaging Adhesives, Sealants, Environmental & Sustainability, and Chemical Legislation working groups.

"The input from you all in these groups is critical to ensuring that the outcomes are practical for businesses to implement."

Addressing Industry-Specific Challenges

The BASA working groups are designed to focus on specific areas and bring together people who have direct experience with or are interested in learning more about the unique challenges we face in each area. Member involvement is crucial because it provides the working groups with on-the-ground insights into current trends, challenges, and innovations.

For instance, in the Sealants and Construction working groups, members can discuss the specific needs of the building sector, sharing knowledge on how new materials and technologies are affecting the use of sealants and adhesives. This input helps the working group identify gaps in standards and recommend improvements to ensure safety, efficiency, and quality across construction projects. Without the contribution of industry members, these recommendations may lack relevance or fail to address key concerns faced in the field.

Influencing Legislation and Compliance

The Chemicals Legislation working group is particularly critical in helping members navigate complex regulatory environments. With the increasing focus on chemical safety, it is essential for businesses to stay compliant with national and international regulations.

Your Association Needs YOU!

Active member participation helps ensure that our guidance on chemical legislation, such as (UK and EU) REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals), is both accurate and practical.

Members provide valuable input on how proposed legislative changes may impact their operations, helping the working input on how proposed legislative changes may impact their operations, helping the working group advocate effectively for realistic timelines, transitional arrangements, and compliance strategies that reflect the industry's needs.

Moreover, BASA's collective voice, enhanced by member involvement, is far more influential when engaging with government bodies and regulators. Having diverse and active participation means BASA can present a well-rounded view of the industry's stance on chemicals legislation, leading to more informed and balanced policy-making.

Driving Sustainability Initiatives

In today's world, environment and sustainability is a key concern across all sectors, including adhesives and sealants. The Environment & Sustainability working group aims to address these challenges by promoting best practices and sustainable innovations within the industry. Member participation in this group is crucial because businesses themselves are the ones implementing these sustainability measures.

Members can share their real-world experiences and successful strategies for reducing environmental impact, such as adopting greener production methods, reducing emissions, or improving the recyclability of adhesive and sealant packaging. This collaborative approach ensures that the group's sustainability recommendations are not only ambitious but also feasible for companies to implement, encouraging wider adoption across the sector.

Promoting Innovation and Collaboration

The working groups also serve as a platform for collaboration. Members from different companies, backgrounds, and areas of expertise come together to share insights, exchange ideas, and collaborate on solving industry-wide

challenges. This collaborative environment fosters innovation, whether through the development of new materials, improvements in existing products, or more efficient processes for managing regulatory compliance and environmental impact. It is also a great way of developing personal skills and helping increase your understanding of the sector.

For the Packaging Adhesives working group, for example, innovation is crucial as the industry looks to develop safer, more sustainable adhesives that meet the growing demand for eco-friendly packaging. Through active member involvement, the group can drive forward-thinking initiatives that benefit the entire sector.

Conclusion

Member involvement in BASA's working groups is fundamental to the success and progress of our Association. In addition, early involvement in the working groups is also a great way to enhance personal development and increasing your knowledge of the sector early in your career.

By contributing your expertise and practical knowledge you help shape policies, influence regulations, drive sustainability initiatives, and foster innovation. Without your active participation, the working groups would lack the necessary insight and perspective to make informed decisions that benefit both the industry and society.

Therefore, continued member engagement is essential for ensuring BASA's efforts remain relevant, impactful, and forward-looking.

So, please send a message via the relevant working group forum on the website if you would like to contribute and the Working Group Chair or Secretary will be in touch.



**Building &
Construction Products
Working Group**



**Chemicals Legislation
Working Group**



**Environment &
Sustainability
Working Group**



**Packaging Adhesives
Working Group**



**Sealant
Working Group**

The delicate balance between recyclability and durability



Jim Palmer,
BASA Technical Officer

In the world of materials science and manufacturing, balancing adhesive bonding for durability with the need for recyclability and sustainability is a complex but critical endeavour.

Adhesive Bonding for Durability:

Adhesives are chosen for their ability to create strong, lasting bonds between diverse materials, often under challenging conditions. High-performance adhesives enhance the durability and longevity of products, reducing the need for frequent replacements and repairs, which in turn conserves resources and reduces waste. They provide resistance against mechanical stress, thermal cycling, and environmental factors, ensuring that the bonded assemblies remain intact and functional over extended periods of time.

Recyclability and Sustainability:

On the flip side, adhesives can complicate recycling processes. Many traditional adhesives are designed to be permanent, making it difficult to separate bonded materials at the end of a product's life cycle. This hampers the recycling of individual components and contributes to landfill waste. Furthermore, some adhesives contain chemicals that can pose environmental and health challenges.

Striking the Balance:

Achieving a balance involves developing adhesives that maintain high durability while being easier to disassemble for recycling. Innovations like reversible adhesives, which allow for strong bonding during use but can be deactivated or dissolved for recycling, are one approach. These adhesives often employ triggers like heat, light, or specific chemicals to weaken the bond when recycling is needed.

Additionally, the use of bio-based and environmentally friendly adhesives is on the rise. These adhesives are made from renewable resources and designed to reduce the environmental footprint. They often have lower toxicity and are more compatible with recycling processes, however, biodegradability can be a disadvantage in terms of recycling and re-use, plus a further essential consideration in the aspect of recyclability is the potential value of the separated components after debonding.

Industry Impact:

The push for sustainable adhesives is part of a broader trend towards circular economy principles, where products are designed to minimize waste and environmental impact. Companies are increasingly investing in research and development to create adhesives that balance performance with recyclability, meeting both consumer demand and regulatory requirements for more sustainable products. However, it is vital that all these aspects of durability, sustainability and the desire for recycling are considered and the design stage of any product development.

Ultimately, while there is still work to be done, the advances in adhesive technology are promising. They point towards a future where durability and sustainability are not mutually exclusive but rather integrated features of innovative, eco-friendly materials.

Working Group

The heart of BASA's activities, representing our industry, is driven by our working groups. In a world where we must stay updated on developments not only in the UK but also in the EU and globally, the Chemical Legislation and Environment and Sustainability Working Groups shoulder the heaviest workloads, delivering the most substantial outputs in terms of representational activities, guidance documents, and position papers, all of which are available on the **new BASA website**.

The **Chemical Legislation Working Group** has issued guidance documents on many diverse subjects such as school glues and sales of adhesives and sealants to under 18s. They have also provided valuable advice on the increasing divergence between EU and UK chemicals legislation, ensuring members are well-informed of the evolving landscape and maintain a 'substance watchlist' for all the chemicals members have advised as relevant to our industry.

Meanwhile, the **Environment and Sustainability Working Group** has been equally industrious. Their focus areas include the drive worldwide for reduction in carbon emissions and strategies to achieve it, the evolving extended producer responsibility legislation with its varied approaches across Europe compared to the UK, and sustainability reporting laws and regulations. Additionally, they have reported on the impending deforestation legislation.

While these two groups have concentrated on regulatory matters, the **Building Adhesives and Construction Products Working Group** and the **Sealants Working Group** have been active in standardisation work within their product categories and responding to developments in the EU and UK Construction Products Regulations.

There remain concerns around the testing capacity of notified or approved bodies concerning CE or UKCA marking, which may only be alleviated through a mutual recognition agreement, though this is bogged down in political machinations.

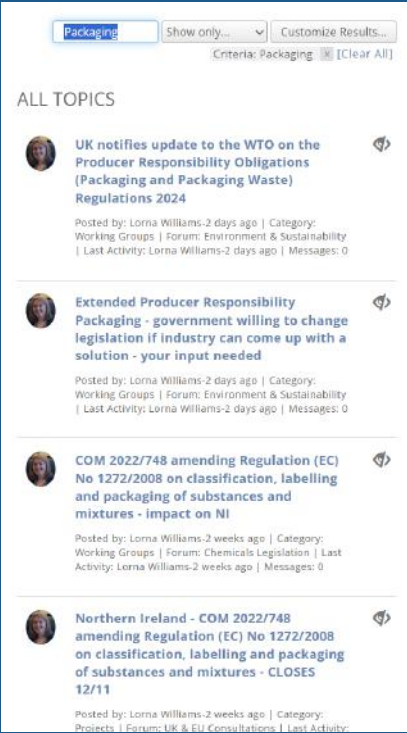


Round up

The **Packaging Adhesives Working Group** primarily focuses on food contact materials, such as mineral oils. Without specific UK or EU legislation concerning adhesive materials in contact with food, they adhere to best practice guidelines from regulations for plastics and inks used in food contact applications.

Recently published guides covered the Canadian Food Contact Packaging Regulations and how to determine the regulatory status of components of a food contact material under the US FDA Regulations.

All Working Groups' efforts are co-ordinated and directed by the **Technical Steering Committee**. To aid members, the new BASA website, with its enhanced search facility is recommended as starting point for information on any subject.



**Example search function on the BASA website.*

Finally, the **weekly drop-in clinics** remain open to all members, covering various topics. These sessions are recorded and available for reference on the BASA website, offering a valuable resource for members seeking insights and updates on industry developments.

Regulatory Round up



Caroline Raine,
BASA Regulatory Officer

It's hard to know where to start with this round up – so much has happened! The best thing you can do to catch up on recent developments is to use the fantastic new BASA website. Everything that is new and should be of interest is added as a searchable resource, and then as a forum post too. So please do take a look!

EU CLP
22nd ATP to CLP has been published and the 23rd has been notified to the WTO. And the EU REACH revision legal text has been agreed – this will require all labels to use a minimum font size and have specified line spacing.

And reminder that the new EU CLP hazard Classes Endocrine disruption for human health and for the environment. PBT (persistent, bioaccumulative, toxic), vPvB (very persistent, very bioaccumulative) and PMT (persistent, mobile, toxic), vPvM (very persistent, very mobile) come into force from April 2025;



UK REACH
We have participated in two consultations on the proposed Alternative Model and the associated fees. DEFRA were due to publish responses in mid-October, but this has been delayed to December/new year. We will keep you posted as news emerges.

GB CLP
The next update to the GB MCL is due imminently – again we will let you know.

Transport
This year is the year of transport changes – they are quite limited this year – a recording of a joint webinar held with BCF is on the website. Be aware that if you deal with only limited quantities then you are now legally obliged to ensure your staff are trained.

Part 8, 8.2.3 is added to 3.4.1 (h)
8.2.3 Training of persons other than the drivers holding a certificate in accordance with 8.2.1, involved in the carriage of dangerous goods by road.
Persons whose duties concern the carriage of dangerous goods by road shall have received training in the requirements governing the carriage of such goods appropriate to their responsibilities and duties according to Chapter 1.3. This requirement shall apply to individuals such as personnel who are employed by the road vehicle operator or the consignor, personnel who load or unload dangerous goods, personnel in freight forwarding or shipping agencies and drivers of vehicles other than drivers holding a certificate in accordance with 8.2.1, involved in the carriage of dangerous goods by road.

So those shipping only Limited Quantities will require General Awareness Training, Function Specific Training, Safety Training and Security Training.

We are running a Dangerous Goods Awareness Training session in January - see events page on Info Hub – Jan 28th 2025.

EU Deforestation Regulations
And finally, (although as I say there is a lot going on – so join our weekly drop ins and check out the BASA website), deforestation regulations. The EC have proposed a one-year delay, this needs to be approved by the European Parliament and Council.

A thought piece about the use of AI, *Lorna Williams BASA CEO*

During recent meetings the use of AI was raised, and I thought that members might find it interesting to read an article about the use of AI in the chemicals sector. At this year's FEICA conference we heard many presentations about the increasing use of AI, and certainly there is the prospect that many areas are likely to be touched by technology in (hopefully) a positive way.

When I actually sat down to write the article, I had a lightbulb moment and thought I would ask ChatGPT to right me approximately 500 words on the use of AI in the chemicals sector (I gave a few more clues). This is the article that resulted (I did have to edit to change the US English!), so I hope you enjoy the results.

Artificial intelligence (AI) is rapidly transforming the chemicals manufacturing and formulation industry by optimizing processes, reducing costs, and enhancing innovation. The traditionally complex and resource-intensive nature of chemical production makes AI an ideal tool for addressing many challenges the industry faces, such as improving efficiency, reducing waste, and accelerating research and development (R&D). The integration of AI into chemical manufacturing is helping companies stay competitive in an increasingly demanding and evolving market.

One of the key areas where AI is having a major impact is in process optimization. In chemicals manufacturing, precision is crucial to ensuring product quality and safety while minimizing waste. AI-driven algorithms can analyse vast amounts of real-time data from production lines to detect inefficiencies, identify potential issues, and suggest adjustments. By doing so, AI enhances the ability to control production variables, such as temperature, pressure, and chemical concentrations, allowing for smoother operations and higher yields. Predictive maintenance, powered by machine learning (ML) algorithms, also plays a crucial role in identifying potential equipment failures before they happen, reducing downtime and avoiding costly repairs.

In the realm of formulation, AI is proving invaluable in the development of new chemicals and materials. Traditionally, chemists have relied on a combination of experimentation and intuition to develop new formulations, a process that can be time-consuming and expensive. AI accelerates this process by utilizing predictive modelling to simulate chemical interactions and properties based on known data. This allows researchers to

focus on the most promising combinations, reducing the need for exhaustive trial-and-error experimentation. As a result, new products can be brought to market faster, and companies can more effectively respond to market demands.

AI's ability to process large datasets is particularly important for innovations in specialty chemicals, such as adhesives, sealants, coatings, and polymers. AI-powered platforms can sift through data on molecular structures, chemical properties, and performance metrics to uncover patterns and relationships that may not be readily apparent to human researchers. These insights can lead to the discovery of new materials with superior characteristics, such as improved adhesion, durability, or environmental sustainability. Additionally, AI can help in customizing formulations for specific applications, tailoring chemical properties to meet the unique needs of industries ranging from automotive to aerospace and electronics.

Sustainability is another area where AI is making significant contributions to chemical manufacturing. As companies face growing pressure to reduce their environmental impact, AI can assist in developing greener processes and materials. For instance, AI algorithms can analyse the environmental footprint of different raw materials and suggest alternative, more sustainable inputs. Moreover, AI can optimize energy consumption during production, leading

to more energy-efficient processes and lower greenhouse gas emissions.

In the future, the use of AI in chemicals manufacturing is likely to expand as the technology continues to evolve. Advanced AI systems could potentially be used to design entirely new chemical processes or materials that have yet to be discovered, pushing the boundaries of what is possible in this industry. Moreover, as AI tools become more accessible, smaller companies may also benefit from AI-driven innovations, levelling the playing field in an industry that has traditionally been dominated by large corporations.

In conclusion, AI is revolutionizing chemicals manufacturing and formulation by improving process efficiency, speeding up R&D, and driving sustainability efforts. As the technology continues to advance, it promises to unlock new levels of innovation and competitiveness in the chemical industry, positioning companies to meet the challenges of the future.



**Image generated by AI*

FEICA® 2025
10-12 September 2025
**European Adhesive & Sealant
Conference and EXPO**
Kursaal Congress Centre
San Sebastián, Spain
www.feica-conference.com
SAVE THE DATE

CHEMUK2025
GROUP OF EVENTS
1 EXPO 5 SHOW ZONES 21ST & 22ND MAY 2025, NEC, BIRMINGHAM, UK

**CHEMICALS
SUPPLY SHOW**
**CHEMICALS
MANAGEMENT SHOW**
**PROCESS & CHEMICAL
ENGINEERING SHOW**
**CHEMICAL
LABORATORY SHOW**
**FORMULATED PRODUCT
MANUFACTURER SHOW**

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BRITISH ADHESIVE & SEALANT ASSOCIATION
VISIT US ON STAND A140

BASA Sports Day 2024

This year's sports day was once again well attended, although we would like to see a few more golfers in 2025, particularly for the morning's Texas Scramble. The Texas Scramble is a relaxed, fast-paced game and a great way for less experienced golfers to have a chance of winning. The aim is to work together as a team to get the lowest score possible on each hole. It is about focusing on our very best shots and forgetting about dodgy ones!

If you are not familiar with the BASA Sports day, we have all day shooting and golf events, with opportunities to mix and match and finish off with an informal but highly contested croquet match before the presentation dinner in the evening. There was a mixed shooting event in the morning or a Texas Scramble competition for our golfers, and then the Glue Gun Trophy (sponsored by Newport Industries) and the Glue Pot Trophy (sponsored by IMCD) took place concurrently after lunch. We finished the sporting events off with an enthusiastic croquet match, sponsored by Omya, before a well-deserved three course meal with wine in the evening to present all the winners with their prizes.

Results

Golf (sponsored by IMCD)

Texas Scramble: Winning team scoring 31: Martin Stimpson, Valtris Speciality Chemicals Ltd, Michael Thorpe, Wallace Hind Selection Ltd & Sam Lillie, LKAB Minerals UK Ltd

Glue Pot Trophy

Winner: Peter Homfray-Cooper, Henkel Ltd

Second Place: Martin Stimpson, Valtris Speciality Chemicals Ltd

Third Place: Lee Dursley, LKAB Minerals UK Ltd

Longest Drive: Peter Homfray-Cooper, Henkel Ltd

Nearest the Pin: John McCafferty, Henkel Ltd
A special prize awarded to Stephen Birch, FSI Ltd with the numerically best afternoon golf score, but was unfortunately disqualified due to playing the wrong course.

Shooting (sponsored by Newport Industries)

Air Rifle: Mark Louch, Guest and former BASA Chair, scoring 5 after a shoot out

0.22 Rifle: Kirsty Schofield, Vink Chemicals, scoring 48

Multi Calibre: Ian Lancey, Power Adhesives Ltd, scoring 35

Digger: Jess Judd, Rakem, scoring 50
Booby prize for the digger awarded to David Moore (Omya) for his competitive participation that unfortunately resulted in a score of zero.

Glue Gun Trophy

Winner: Ian Lancey, Power Adhesives Ltd

Second Place: Mark Louch, Guest

Third Place: George Loughran, F Ball and Co. Ltd

Croquet (sponsored by Omya)

Winner: Michael Thorpe, Wallace Hind Selection Ltd

The weather was in our favour, this year with blue skies and sunshine all day. The evening was a lively event and was an excellent networking opportunity for all who attended. I look forward to perhaps seeing some more new faces in 2025, as this is one of our flagship events.

The date for next year's event is Wednesday June 18th, 2025 – so why not add this date to your diary now.



Texas Scramble Winners



Glue Pot Winner



Glue Pot 2nd Place



Glue Pot 3rd Place



Air Rifle Winner



0.22 Rifle Winner



Multi Calibre Winner



Digger Winner



Glue Gun Winner



Glue Gun 2nd Place



Glue Gun 3rd Place



Croquet Winner

BASA Sports Day Results
2024

MEMBER NEWS

Meridian Adhesives Group Announces Acquisition of Bondloc UK Ltd



Meridian Adhesives Group (Meridian), a leading manufacturer and innovator of high-performance adhesives, is pleased to announce the acquisition of Bondloc UK Ltd, a specialty adhesive manufacturer based in the United Kingdom.

Bondloc UK Ltd has established itself as a key player in the adhesive industry, known for its innovative solutions and commitment to quality. With this acquisition, Meridian will leverage the company's extensive product range and expertise to provide a more comprehensive suite of adhesive solutions to its global customer base.

The company's high-performance adhesive products, including anaerobic adhesives, cyanoacrylates, epoxies, UV cure adhesives, and structural acrylics, will complement Meridian's existing product portfolio. These advanced chemistries are designed for various industrial applications, such as thread locking, retaining, gasketing, sealing, and bonding. The company's specialized technologies will enable Meridian to address more complex and demanding applications in sectors such as automotive, aerospace, electronics, and general manufacturing.

Daniel Pelton, CEO of Meridian Adhesives Group, commented on the acquisition: *"We are pleased to welcome Bondloc UK Ltd to the Meridian family. This acquisition is a testament to our commitment to expanding our capabilities and delivering unmatched adhesive solutions to our customers. The company's strong reputation and innovative product line will be invaluable as we continue to grow and enhance our market presence."*

Bondloc UK Ltd has an established presence in the UK and European markets that will significantly enhance Meridian's geographical footprint, facilitating better service and support for customers worldwide.

"We are thrilled to be joining Meridian Adhesive Group," said Warren Wilkinson, Joint Managing Director and co-founder of Bondloc UK Ltd, alongside Mark Adams. "This is a 15720 Brixham Hill Ave., Ste 500 Charlotte, NC 28277 positive move for our company and our customers, who will now have access to the broader Meridian technology platform and service."



Announcing a new partnership with Beverley Town FC

Hodgson Sealants are proud to announce a partnership with Beverley Town Football Club for the forthcoming season. As well as being an official partner of the club, our company logo will be emblazoned on the first team kit for the 2024-25 campaign.

This is the beginning of a new sponsorship agreement, and we are delighted to be able to help a team so embedded in the local community.

The club are entering a historic first season in the Northern Counties East League Premier Division, the highest level the club have played in their 122-year history.

Their home ground is just over a mile away from Hodgson Sealants' manufacturing facility on Belprin Road, and the club have plans in place to improve their own facilities, with a new stand needed to meet the requirements of the league they now find themselves in.

The Beavers, as they are known, are an ambitious side, with lofty aspirations of climbing the football pyramid. They won promotion in an enthralling play-off final played in front of over 1500 people, with a penalty shoot-out deciding the tie. They are now in tier nine of the English football pyramid.

With youth teams from ages 7-18, a women's side, 4 adult sides, including the first team, Beverley Town Football Club are wanting to promote the area and strengthen the local community. Their home games regularly attract over 300

people, making them one of the best-supported clubs in the league.

Gary Thomas, Joint Managing Director at Hodgson Sealants, said:

"This partnership aligns with our values at Hodgson Sealants. Since our business was established over 50 years ago, we have grown to become the largest independent sealant manufacturer in the UK – but have always remained in Beverley, where it all began. We are proud of our roots and want to support the town's grassroots sports clubs to succeed and put Beverley on the map."

"With local non-league clubs, sponsorship is essential. While grants are available to aid with improvements, teams in the lower echelons of football thrive on both sponsorship and match-day income. We recognise the importance of giving back to the local community and Beverley Town FC is a worthy cause right on our doorstep. We hope the club can replicate their successes of last season."

Richard Jagger, Beverley Town FC Club Development Officer, said:

"Beverley Town FC are delighted to welcome Hodgson Sealants as an official sponsorship partner at the club. This reaffirms our commitment to working with local businesses at the heart of our community. Hodgson Sealants have strong connections with the town, and the Hodgson family are fantastic supporters of the community in Beverley. This partnership will ensure that Beverley Town FC continue to develop its facilities at Norwood, contributing towards ground improvements and providing first class facilities for players and supporters."

"With over 35 junior teams, four men's teams, three girls' teams and a ladies team, the club provides an outlet and opportunity to be involved in sport for so many in our community. We are delighted that Hodgson Sealants are supporting the club and share our community ethos."

We're delighted to be supporting the Beavers this season, and we wish them the very best of luck for the 2024-25 campaign!



MEMBER NEWS

Safer Furniture Manufacturing: Fire-retardant, water-based adhesive for foam and furniture manufacturing.

Chemique Adhesives, a leading UK manufacturer of high-performance industrial adhesives and adhesive application equipment has recently introduced a fire-retardant adhesive to its ProAqua range of water-based adhesives.

Offering superior bonding capabilities, exceptional flexibility, and unsurpassed safety compliance, ProAqua 3316 has been specifically developed for the demands of the foam and furniture industry and is suitable for a variety of applications including foam conversion, office seating, furniture manufacturing and upholstery tasks.

ProAqua 3316 is a two-component water-based, fire-retardant sprayable adhesive that delivers exceptional performance. Its advanced formula boasts high initial tack for immediate hold and a soft, flexible glue line, ideal for intricate applications. Additionally, water-based adhesives are environmentally friendly and minimise the impact of harmful pollutants.

Furthermore, the adhesive surpasses the most stringent flammability standards, meeting F2 CS 25.853(a) Amdt.27 App F Part.1a (1)(ii) and (b)(4) certifications.

Designed for ease of use, ProAqua 3316 can be applied manually or automatically via spray application, adapting to specific production requirements. This allows for efficient application and streamlines the manufacturing process.

Stuart Francis, Managing Director of Chemique Adhesives comments, "We've developed a new fire retardant, water-based adhesive formula that excels in both safety and sustainability. This innovative formula has undergone rigorous flammability testing to achieve fire-retardant properties, making it ideal for applications like foam and furniture. This pioneering product demonstrates superior fire safety without compromising on environmental responsibility – two crucial factors in today's eco-conscious landscape."



CASE STUDY: Chemique Adhesives helps building products manufacturer, Mannok to maximise the efficiency of its manufacturing operations.

For two decades, Chemique Adhesives has been the trusted supplier of adhesives to Mannok, a leading building products manufacturer, for its thermal laminate plasterboard manufacturing facility in Ireland. Since the beginning, Chemique has been actively involved in the bonding process of its thermal laminate composite board, which has evolved over the years into a state-of-the-art fully automated bonding line.

In 2012, Chemique Adhesives collaborated with both Mannok and Finishing Design Services (FDS), a specialist machinery manufacturer, to develop an automated process for bonding plasterboard to PIR insulation.

This two-component polyurethane adhesive system proved successful for many years, however, advancements in adhesive and machinery technologies led to the creation of a new, state-of-the-art production line.

Considering future requirements for output and environmental impact, Mannok, FDS, and Chemique Adhesives collectively determined that adopting a PU bead system would be the optimal choice for the new process.

James Thorpe, Sales Manager at Chemique Adhesives commented on the new adhesive, "During the initial testing stages, we were pleased with the performance of the single-part polyurethane adhesive and its excellent bond to the laminated panel. Tailoring the open time and cure time to meet the specific requirements of the application proved successful, and we were delighted with the final outcome."

The adhesive used is from the Solfre range of polyurethane adhesives and its unique formulation provides superior resistance to chemicals, heat, humidity, and thermal shock.

The switch from a two-part to one-part PU adhesive has provided several benefits to Mannok's manufacturing process, creating a simplified application process, improved environmental conditions, and the elimination of solvent cleaners.

FDS successfully designed a new laminating production line incorporating the latest technology, and providing a robust, efficient system for Mannok to meet the growing demand for high-quality

bonded PIR insulation for their clients. This new machine integrates the latest adhesive technology from Chemique, ensuring the efficient production of panels of the utmost quality.

The new manufacturing system boasts numerous improvements over its predecessor, providing reduced adhesive coat weights with higher bond strengths, lower heating costs, increased production capacity, and an improved working environment for employees.

The system also ensures a more even distribution of adhesive onto each board and the improved manufacturing control capability allows for less employee intervention and reduces downtime.

Gordon Wiggins, Production Manager at Mannok, PIR Insulation facility commented: "Throughout this entire process, the advice and guidance from both Chemique and FDS has been exceptional."

"The implementation of the new line aligns closely with the Mannok 2030 Sustainability Vision and our commitment to the three pillars of our people, the planet, and our partners. It has greatly enhanced our overall manufacturing efficiency, allowing us to produce a resilient PIR laminate plasterboard using 50% less adhesive per unit and requiring 60% less electrical energy compared to the previous system."

"It also facilitates an improved working environment during manufacture for employees as well as reduced long-term environmental impact and zero chemical emissions from the production process."

"Furthermore, it has also increased our laminate plasterboard production capacity meaning we can manufacture higher quality laminate composite products which are more readily available for our customers and to meet market demand."

"Mannok would like to offer a huge thank you to the entire team at Chemique Adhesives and FDS for their communication, collaboration and successful completion of this transition, we look forward to working together on future initiatives that align with our sustainability goals."



MEMBER NEWS

SCOTT BADER BRAZIL ESTABLISHED

Scott Bader is further investing in The Americas and establishing a standalone operation in Brazil. Following a decade-long joint venture with NOVAPOL PLÁSTICOS LTDA, the wholly owned subsidiary of GRUPO IMSA S.A., Scott Bader is leveraging the opportunity to further expand its global presence and buyout its joint venture partner.

Trading as 'NovaScott Especialidades Químicas Limitada' the two speciality chemical companies joined forces in 2014. Scott Bader will now take full ownership of the company based in Serra, Espírito Santo, Brazil, continuing to locally manufacture high performance gelcoats and tooling products. The operation will begin trading as Scott Bader Brazil as of 5th June 2024.

"We are pleased to have reached this agreement with Grupo Imsa as it will allow Scott Bader to fully focus on our key markets across the marine, renewable energy and building and construction sectors," says Marie Elliott, Regional Managing Director, Americas at Scott Bader.

"Establishing Scott Bader Brazil is another step on our Americas geographic expansion following the recent investment in North America, giving us the ability to provide localised supply and leverage our global expertise for our growing customer base."

Production of Scott Bader's Crystic Gelcoats in Brazil includes Ecogel - a zero styrene spray gelcoat approved for use across a variety of industrial applications. The environmental benefits of this particular formulation, which has low VOC levels, has already secured a major customer producing wind blades. The full portfolio of locally manufactured solutions comprises brush, spray, sandable and fire retardant gelcoats, complemented by high performance matched tooling systems under the Crestamould brand.

As the company continues to build its South American business it anticipates 10 additional roles created at the plant, which currently employs 11 people.

For further information visit scottbader.com



Scott Bader Awarded EcoVadis Gold for Second Time

Global chemistry business, Scott Bader, has been awarded EcoVadis Gold certification for the second year in a row. The company's improved overall score means the group maintains its standing as one of the top 5% EcoVadis-rated organisations, around the world, for sustainability leadership.

The uplift in score reflects Scott Bader's advanced management systems on environmental issues, labour and human rights, as well as additional sustainability reporting introduced since achieving Gold for the first time in 2022.

"We've been using the EcoVadis platform since 2019 as a roadmap for continuous improvement and that commitment is translating into ever more equitable, efficient and innovative operations," says Scott Bader CEO, Kevin Matthews. *"Our focus moving forwards is to apply our learnings across the value chain. We've already driven a 50% increase in the number of EcoVadis scored suppliers we're working with and envisage onboarding all of our global strategic and critical raw material suppliers to EcoVadis by the end of this year."*

With the company's ongoing focus on the e-mobility and renewables markets, sustainable procurement is key to accessing bio-derived alternatives and healthier materials to further advance the progress the company's made to-date. Most notably in 2023/4 Scott Bader entered the solar photovoltaic (PV) market, became a key partner in a consortium developing plastic-free components for the automotive sector, and made significant strides in improving the performance and environmental credentials of its fire, smoke and toxicity (FST) systems using bio-content.

"I'm very proud of the fact that customers are recognising the initiatives we're undertaking both internally and externally to drive progress, with 72% perceiving Scott Bader to be innovative in a recent survey - that's a significant 13% increase since conducting a similar benchmarking exercise in 2022," adds Matthews.

"Creating an inclusive workplace with a focus on equity is also vitally important. Diversity clearly fosters innovation and creativity and our commitment to D&I is paying off. Ensuring the measures we've taken to instil these values are now integrated more formally into our procurement processes will be another important step, as highlighted by the EcoVadis recertification process."



Scott Bader became one of the world's first manufacturers to achieve the international standard for equality, diversity and inclusion (ISO 30415:2021) in January. Key highlights from the company's latest EESG report - published August 2024- have also contributed to the company's impressive EcoVadis ranking, including:

- 85% of Scott Bader's sites run off green certified energy, this will be 100% by 2025.
- 24% reduction in scope 1 and 2 emissions since 2021 with the aim of driving this down by a total 60%, by 2025. Improved sustainable procurement processes will also aid the company in gaining a full understanding of its Scope 3 emissions - including the establishment of a scoring criteria for supply chain partners.
- 70% increase in colleagues' volunteering hours. By the end of 2024 the goal is to get 90% of Scott Bader's global workforce engaged in the company's charitable and community-minded activities.
- £321K disbursed by The Scott Bader Commonwealth to charities, in 23 countries, tackling issues linked to the environment, poverty and education.

For further information download Scott Bader's newly published 2023 Sustainability Report.



MEMBER NEWS

RAVAGO CHEMICALS UK expands its UK footprint with the acquisition of CEDA CHEMICALS

Since their formation in 2001, Ceda Chemicals has grown to become a leading speciality chemical distributor in the UK market, with a strong focus in markets such as water treatment, construction & adhesives, hygiene, household & industrial cleaning solutions and lubricants.

"We are delighted to welcome Ceda Chemicals as part of our chemicals business. Their long-standing partnerships with leading global supply partners will bring a widened portfolio offer for our customers in UK and Ireland. This is another step forward in our strategic ambitions and we very much look forward to working with our new colleagues and business partners" said Gary Ogden, Managing Director – Ravago Chemicals UK Ltd.

For more information, please contact info.uk@ravagochemicals.com

Please note, Ceda Chemicals Ltd financial advisors were The Camlee Group Ltd and Legal advisors were Hill Dickinson LLP.



About Ravago Chemicals

Ravago Chemicals is a global chemical distribution company, with a leading position in the EMEA and North America region, that supplies chemical materials and specialty additives to a variety of industries including coatings, construction, water treatment, life sciences, agriculture, paper, and oils and lubricants. The business forms part of the Ravago Group, the largest distributor of polymers globally serving more than 56,000 active customers through 325+ locations across more than 60+ countries worldwide. Ravago also operates 50+ manufacturing facilities of which 25 are recycling and compounding plants as well as offering finished product solutions for the building sector.

Visit: <https://ravagochemicals.com>

Sherwin-Williams Makes Its Mark by Installing Company Sign onto New Global Headquarters Building

First impressions are crucial, from the front door to the top floor. All over the world, brands and businesses depend on signage to be the first interaction they have with potential customers. For the first time in nearly a century, the Sherwin-Williams name will decorate our Global Headquarters' façade. In addition to this brand milestone, the signage used also showcases the Company's own high-performance coatings that are designed to stand the test of time.

Just Doing What We Do Best

Sherwin-Williams General Industrial Coatings Division within the Performance Coatings Group offers innovative liquid and powder coatings, and electrocoat technologies and expertise around the globe. Our General Industrial Division leveraged both the products and its relationship with the manufacturer.

The Right Product for the Job

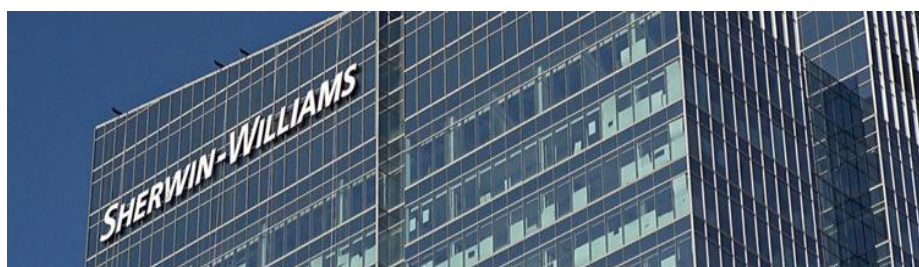
When it comes to building products, protection and color matter the most. Our Genesis® Premium Finishes are high-performance General Industrial products and built to last. The system used on the sign was primed with SW 933 Epoxy Primer and painted with SW Genesis Finish Coat. This system was designed for sign manufacturing, Original Equipment (OE) manufacturing and transportation.

Big Enough to be Seen From All Around

The S-W sign is approximately 106-feet across with each letter between 7-to-11 feet tall. The new Global Headquarters building in Cleveland will have signage on both the east- and west-facing sides. The letters were raised and fixed individually and each side took about one week to install.

A Special Partnership

YESCO, a large General Industrial customer based in Salt Lake City, Utah, is the sign manufacturer. YESCO specializes in the manufacture of custom electric signs and displays, sign maintenance and out-of-home advertising.



Chemicals legislation: Why it's never helpful to mix risk and hazard

Confusing risk with hazard is a common yet potentially dangerous mistake, especially in industries involving chemicals and other hazardous substances or environments. Both terms are critical in the realm of health and safety, but they refer to distinct concepts. Understanding the difference between risk and hazard can help businesses, individuals, and regulators make better decisions to ensure safety and avoid unnecessary fear or complacency.

Definition of Hazard

A hazard is something that has the potential to cause harm. This could be a chemical substance or even an environmental condition. Hazards are everywhere and cannot always be eliminated. For example, a flammable liquid like gasoline is hazardous because it can catch fire and cause burns or explosions. Similarly, heavy machinery in a factory is hazardous because it can crush or cut someone if misused.

Definition of Risk

Risk, on the other hand, refers to the likelihood that the hazard will actually cause harm, combined with the severity of that harm. Risk is a combination of two factors: the probability that something bad will happen and the consequences if it does. For example, while gasoline is hazardous, the risk of it catching fire can be minimized by proper storage and handling. If the gasoline is stored in a sealed, fire-resistant container, the risk of a fire is significantly reduced, even though the inherent hazard remains.

The Danger of Confusion

When people confuse risk with hazard,

they might either overreact or underreact to a situation, leading to inappropriate or even harmful decisions.

1. Overestimating Risk Due to Hazard Alone

When hazard and risk are confused, people might assume that just because something is hazardous, it automatically poses a high risk. This could lead to unnecessary fear or excessive regulation. For example, many chemicals used in manufacturing are hazardous, but when handled properly with adequate controls (like ventilation, protective equipment, and training), the risk of harm is low. However, if hazard is mistaken for risk, people might push for banning certain substances without considering that they can be used safely.

2. Underestimating Risk by Ignoring Hazard

On the flip side, ignoring the hazard because the risk appears low can be equally dangerous. This often happens when people become complacent in their everyday work environments. For instance, a worker who regularly handles sharp tools might downplay the hazard because they've never been injured. This complacency can lead to negligence, such as not wearing protective gloves, which increases the risk of harm despite the persistent hazard.

3. Improper Safety Measures

Confusing risk and hazard can result in poorly designed safety measures. If a company focuses solely on eliminating hazards without assessing the risk, they might spend unnecessary resources addressing minor hazards that pose little

risk. Conversely, they might not allocate enough resources to mitigate risks from significant hazards because they underestimate the likelihood of harm occurring.

4. Public Perception and Policy

Misunderstanding risk and hazard can affect public perception and policy. For example, the presence of low levels of hazardous substances in everyday products often stirs public concern. If people do not understand the difference between hazard and risk, they may push for policies that eliminate these products entirely, even when the actual risk is minimal. On the other hand, underestimating risk could lead to insufficient regulations that fail to protect public health.

Conclusion

It's essential to maintain a clear distinction between hazard and risk in both professional and personal contexts. Hazards will always exist, but the goal of safety management is to minimize risk to an acceptable level. Misunderstanding this distinction can lead to fear-driven decision-making or, worse, complacency in the face of real danger. In our experience regulators like HSE adopt a risk-based approach for the UK, but more and more we see the EU and EC adopting a hazard-based approach which is worrying.

A balanced, informed approach to risk assessment ensures that we address hazards effectively without overreacting or underestimating potential harm.

Lorna Williams
BASA CEO



The Impact of no input into Standardisation for Adhesives and Sealants Standards

The UK has long been a leader in the adhesives and sealants industry, known for its rigorous standards and innovative contributions to international test methods and specifications. However, the potential loss of expertise in this field could have far-reaching consequences. Here's a look at how this expertise loss might impact the UK's ability to influence the development of international standards. Don't forget that know we are no longer in the EU – International means both CEN and ISO standards. BASA consultants now form the bulk of the UK input into ISO and CEN standards and participation is dropping amongst younger technical experts in our sector.

Historical Context

Historically, the UK has played a pivotal role in the development of adhesives and sealants standards. British experts have been instrumental in drafting and refining test methods and specifications that ensure products are safe, effective, and reliable. This influence has helped shape the global market, fostering trust in products that adhere to these stringent standards.

The Importance of Expertise

Expertise in adhesives and sealants encompasses a deep understanding of chemical properties, application techniques, and the diverse needs of various industries. Professionals in this field are often involved in cutting-edge research, contributing to advancements that improve product performance and safety. Their knowledge is crucial for developing comprehensive standards that address the complexities of modern applications.

Potential Consequences of Expertise Loss

Diminished Influence on International Standards: With fewer UK experts involved in international committees, the country's ability to shape standards that reflect its high safety and quality benchmarks will diminish. This could lead to the adoption of standards that are less stringent or not aligned with the UK's industrial needs.

Reduced Innovation: Expertise drives innovation. Loss of knowledgeable professionals could slow the development of new adhesives and sealants, impacting industries ranging from construction to aerospace. Without leading experts to push the boundaries, the UK may fall behind in global competitiveness.

Increased Reliance on External Standards: As UK influence wanes, the country may have to increasingly rely on standards developed by other nations or international bodies. This could lead to the adoption of methods and specifications that are not fully suited to the UK's unique market conditions and regulatory environment.

Economic Impact: The adhesives and sealants industry is a significant contributor to the UK economy. Loss of expertise could undermine the industry's growth, leading to potential job losses and reduced economic output. It may also affect related industries that depend on high-quality adhesives and sealants.

Quality and Safety Concerns: Standards ensure that products are safe and perform as expected. A decline in expertise could result in weaker standards, potentially compromising product quality and safety. This could lead to increased product failures, safety incidents, and a loss of consumer trust.

Addressing the Challenge

To mitigate these risks, it is essential to invest in education and training programs that cultivate new talent in the adhesives and sealants sector, but equally important is that the existing manufacturers must start to support the standards process and encourage their technical expertise to participate in the process BEFORE any current experts retire or leave the sector. Encouraging collaboration between industry, academia, and government can help ensure that the UK maintains its leadership in this field. Additionally, fostering international partnerships can provide opportunities for UK experts to continue influencing global standards.

Conclusion

The loss of expertise in adhesives and sealants standards in the UK poses significant challenges. Without the ability to influence international test methods and specifications, the UK risks falling behind in innovation, compromising product quality and safety, and facing economic repercussions. By prioritizing the development of new expertise and maintaining active participation in international standard-setting bodies, the UK can continue to play a crucial role in shaping the future of the adhesives and sealants industry.

Lorna Williams
BASA CEO



Roger Martin-Fagg's ECONOMIC UPDATE SEPTEMBER 2024

■ THE UK

The economic consequences of a Labour Government

We have a new Government. Now they have looked into the detail, they find they have inherited a mess. When Labour came into office in 1997, the party inherited a public sector in need of repair, but a strong economy. When Labour left office in 2010, it passed on to the Conservatives an economy in bad shape, following the financial crisis, but with public services in good order. Now Labour is back, the economy is in poor shape, due to significant reductions in productivity, higher investment by the private sector since the Brexit vote, and the public sector in a bad state too. A double whammy.

What have Starmer and Rachel Reeves *actually* done so far?

They have decided to spend £9.5Bn on public sector wage awards that meet, in full, the recommendations of the UK's independent pay review bodies. They have funded it in part by scrapping some capital projects, and by means-testing the winter fuel allowance. The outcry from pensioners illustrates the perennial problem for Government - any grant, subsidy or tax relief is difficult to cancel because it will adversely affect some groups in society.

In the Budget there will be some large, and new, spending commitments. Given everything Starmer has said about prisons, you would assume they will be high up the list, funded partly by tax rises and partly by spending cuts. The re-nationalisation of the railways is about to begin. It should be noted that half the delays on the network are due to infrastructure issues, which has always been the responsibility of the state.

The winter fuel allowance is a New Labour-era benefit, from a time when pensioners were the demographically most likely to be in poverty, in both real and absolute terms. Thanks in large part to the triple lock, and other measures to fight pensioner poverty, introduced by the Conservatives, Liberal Democrats and Labour party last time it was in office, pensioners are now the group least likely to be in poverty. As the triple lock is to remain, the state pension will soon be at the level of the more generous provisions in other rich countries.

Labour is proposing to enhance workers' rights. This will be a

challenge for employers, but it will bring the UK into line with other rich market economies (apart from the USA).

Under the Conservatives, Britain did not correct the imbalance of power between labour and capital. The need for change was widely accepted by all, except the Government. In 2019, the Organisation for Economic Co-operation and Development (OECD), argued that collective bargaining needed to be mobilised. A recent report for the Trades Union Congress showed the degree of job protection enjoyed by UK workers dropped from the OECD average, following the advent of Thatcherism. It only partially recovered under New Labour, and the gap widened again after 2010 as other OECD countries modernised their labour laws, while the UK cut protections in key areas such as protection from dismissal.

As workers' rights were being whittled away, shareholders were increasingly benefiting from company profits. The Common Wealth think tank pointed out that, in the 1970s, when unions had more power, private non-financial corporations paid out 20p in dividend payments for every £1 of gross fixed capital formation. In the second half of the 2010s, this figure was 95p. Payouts to shareholders rose two-and-a-half times faster than total employee compensation between 1988 and 2019. This money could have been used to increase productivity, but instead, UK business investment has been consistently lower than the average for leading industrial nations.



The core reason why there is a 20Bn black hole in the public accounts is that the Conservatives stopped carrying out comprehensive spending reviews in 2021. Given that Covid dominated all activities, it's not surprising, but it means that policy decisions were not joined up and properly costed.

What measures can Reeves take to mitigate the back hole?

There has been virtually no media coverage of what follows. I suspect it's too arcane for the majority. I will attempt to explain as simply as possible, and finish with a policy option for Reeves.



The bill for the Bank of England's losses from its quantitative-easing (QE) programme since interest rates began to rise, is projected to reach around £200Bn (7.4% of GDP).

The government's approach to these losses, and their messy interaction with Britain's fiscal rules, could determine whether Britons face tens of billions of pounds more in tax rises at the end of October.

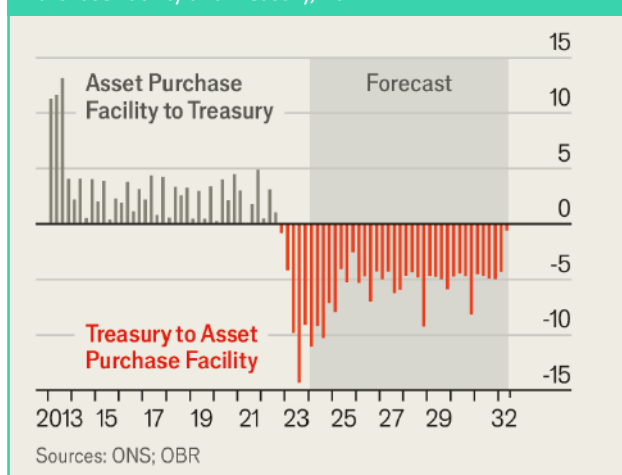
Like most of its peers, Britain has leaned heavily on QE—whereby central banks create money (in the form of bank reserves) and buy gilts, which the Treasury sell to pay for unfunded Government spending. The result is lower bond yields (i.e. higher bond prices) and much more liquidity for banks. This stimulates more borrowing and growth, and leaves central banks with balance-sheets stuffed with bonds. It also causes inflation.

Whether central banks made a profit on those holdings was, until recently, mostly an irrelevant question. The goal of QE was to save the economy, not make a profit. Things worked out well. Swapping reserves for bonds is, in effect, a bet on lower interest rates. In the 2010s, central banks were usually on the right side of that trade. QE helped push yields down (meaning bond prices rose) and an anaemic economy kept them low. The Bank of England made £124Bn this way between 2009 (when QE first began) and 2022. Any profit on gilts goes to the Treasury. £124 Bn is what would be raised if the basic rate of tax was increased by 20%!

More recently, however, the bet turned sour. Globally, bond yields jumped in 2022 and, in September of that year, Truss killed confidence in the UK with her insane budget. Bond prices collapsed, and the Bank of England, and other central banks, began paying out more in interest on reserves than they received on the bonds they held. Thus, they were making a loss. The UK Treasury had to cover this loss of around £35Bn.

The Americans have a different approach. The Federal Reserve treats QE losses as a “deferred asset”, which can sit on its balance-sheet indefinitely. That doesn't eliminate the fiscal impact; future QE gains or seigniorage (profit from issuing currency), would go to paying off the deferred asset, rather than to the US Treasury. But it does spread the pain and prevent a big upfront payment. Unfortunately, Britain's accounting rules mean that the Treasury must send cash to the Bank of England as losses crystallise, whether from negative cashflow or from selling bonds at a loss.

Flip! Britain quarterly flows between Bank of England's Asset Purchase Facility and Treasury, £bn



Current plans have the Treasury paying the B of E between £5bn and £15Bn or so a year, until 2032.

■ WHAT OPTIONS DOES REEVES HAVE?

UK accounting rules collide unpleasantly with Reeves' main fiscal rule: that debt should be falling as a share of GDP in the final year of a five-year forecast horizon. In effect, therefore, the payments knock £25Bn off the government's room to borrow. That's a big number; the last budget, in March, left the government with just £8.9Bn in fiscal headroom. Ms Reeves has since spent more than that on public-sector pay rises. The previous government's plans also included around £30Bn in future public-service cuts, which is implausible.

Ms Reeves has plenty of incentive to soften the fiscal impact of these QE losses. She could tweak the Bank of England's accounting rules to a deferred-asset approach, along the lines of the Fed. This would require legislative changes to allow the central bank to retain seigniorage, which could provide a flow of cash to gradually pay back the loss.

A simpler option would be to amend the definition of debt used in the fiscal rules to exclude the losses from QE or alter the timing of when they enter the debt numbers. In a pre-election interview, Ms Reeves said she would retain the current definition, but recently she has sounded more open to changes. Politically, editing the terms of self-imposed rules may be more straightforward than meddling with the Bank of England's mandate.

Since Labour ruled out most of the less painful ways to raise taxes during the election, temporarily higher borrowing is required, or a mishmash of taxes on capital assets and cuts to investment. The press, other than the DT, will let Ms Reeves off if she fiddles once, but not if she makes a habit of it. An accounting fiddle could give Rachel Reeves more room to avoid excessive tax rises and stop the rot in public services.

As regular readers will know, I have often pointed out that the UK taxes income more heavily than capital. This has encouraged the rentier class (a rentier is a person who derives an income from ownership, not production) and many researchers have shown that it is one of the factors behind falling productivity. British banks have around 12% of their loan book supporting production, and 70% supporting property ownership.

Reeves is likely to begin rebalancing taxation in favour of earned income, by taxing capital gains across the board. There will be an outcry from the rentiers, but any opinion that it will reduce economic growth is nonsense.

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