

# JOHN REID & SONS (STRUCSTEEL) LTD

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13 December 2016

Dear Member of Parliament

## WHAT HAS MEMBERSHIP OF THE EU DONE FOR US?

My name is Simon Boyd and I am the Managing Director of John Reid & Sons (Strucsteel) Ltd (REIDsteel).

Our company was established in 1919 and specialises in the design, manufacturing and construction of all types of steel structures including the building envelope. We are a medium-sized enterprise (SME) that employs 130 direct staff and around 400 indirect with a turnover circa £30M and the capacity to achieve £50M. During normal years up to 80% of our turnover is exported worldwide. To date, our company has exported to over 140 countries around the world. Our trade (as with other UK businesses that trade in the world market) has steadily been losing its advantage over other competing countries as a result of changes forced upon us through damaging directives and regulations that have come about as a result of our membership of the EU.

I am writing to ask that you spare a little of your valuable time to consider the content of this letter and annexed attachments so that you can see the serious damage membership of the EU causes to all UK based businesses and their staff, and in particular SMEs who cater for over 60% of employment in our country.

Please refer to the indexed attachments for a quick overview of the issues we face.

### 1. The Decline of British Standards

Seen as the finest by many overseas customers, these have been whittled away as a result of EU money funding only Eurocodes. **ANNEX A**

### 2. Working Time Directive (WTD)

The constant threat of the removal of our UK opt out. **ANNEX B**

### 3. European Court of Justice (ECJ) – Ruling's on the WTD

Recent ECJ rulings are now the biggest threat to UK businesses. Their decision to reopen our government's interpretation of the WTD and to effect change to our Working Time Regulations will seriously damage every UK business. **ANNEX C**

### 4. Employment Law

Changes to the employment rights act as a result of EU interference make it more difficult to deal with labour issues and this particularly affects SMEs. **ANNEX D**

### 5. Health & Safety Regulations

Safety is a must and company directors should be held to account, but it has turned into an industry that creates vast amounts of paperwork that do little to improve safety. **ANNEX E**

### 6. Construction Products Regulations (CPR):- the CE mark

A needless and costly waste of time. It does little to help export to the EU; makes export to the rest of the world more difficult and adds nothing to quality or safety. **ANNEX F**

### 7. The Single Market and the Customs Union

Membership of the Single Market and the Customs Union is very damaging to our business and has restricted the ability of SMEs to grow and develop. **ANNEX G**

While burning the midnight oil and recounting what membership of the EU has done for our business, it may seem remarkable that we are still in operation today. It is to the credit of our staff, customers and suppliers that we forge on, but if we are to continue and prosper, what we and 17.4 million people voted for needs to be realised and the sooner the better. There must also be an immediate halt put on the aforementioned cases currently before the courts (ANNEX C) as a result of the ECJ rulings until the government has had time to properly bring in changes that will resolve all of the concerns.

It is no wonder that despite employment having risen over recent years that UK productivity levels have continued to decline, largely as a result of the overwhelming regulatory burden and subsidised cheap labour instead of investment.

Our company, our staff, family and friends have had no real advantage from membership of the Brussels club.

The EU has hindered us in every possible way, it has made it more difficult to employ people, to make our goods and export to the real world. We must get out of the single market and the customs union and take back control so that we can make our own rules, and do what is right for British Business and our Workforce.

I have tried to make this case to Brussels directly and even though they said "we need people like you to tell us how to put it right" which I did, nothing changed.

I hope you have read thus far and will look at the short annexed documents. It is absolutely essential that SMEs are properly represented by having a businessman in the chair helping to influence the best deal possible. Please do get in touch if you wish to discuss the matters further.

Yours sincerely



**Simon Boyd, FInstD**  
**Managing Director**

Enc

## ANNEX A

### **The Demise of British Standards**

Slowly in the 90's we started to see their demise, as our British Standards Institution (BSI) was privatised and new funding would come from Brussels. The aim was to introduce Eurocodes, which have now become the norm while British Standards (BS) are now obsolete. Eurocodes were supposed to provide a level playing field and a larger market across the EU. Every nation though has its own application document and its own way of interpreting the codes. If substantial sales occurred as a result of the Eurocodes, which make design, production and construction more expensive there could be a point; but there are virtually no sales from the UK into the EU. The Eurocodes only add to costs with no benefit whatsoever, and make it more difficult to sell in the rest of the world. We saw the demise of British Standards as a real threat to our company, our industry and export markets. It was around this time that the company started to take an interest into what the EU was doing and what our parliamentarians and civil servants were allowing to happen. Our complaints largely fell on deaf ears "it's the law" they would say, "we have adopted them in the treaties; get on with it". Government needs to ensure BS are once again maintained by the BSI. We can use these in parallel with Eurocodes for businesses that may wish to continue to use these for projects that require them.



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## ANNEX B

### **Working Time Directive**

The badly thought out Working Time Directive (WTD) of the early 90's started to rear its ugly head. Brussels had decided it was time for the UK to lose its opt-out. We realised that this could spell the end for our business and that of many others, so I personally started an industry campaign through the British Constructional Steelwork Association (BCSA) who represented a workforce of 100,000 men and woman. A staggering 90% of a thousand workers polled across the shop floor of varying member companies voted for no imposed restrictions upon their working hours; a statistic used in the House of Commons by the then shadow Conservative Party. Open Europe, the BCSA and The Chamber of British Industry (CBI) assisted me in this fight. We managed to get the threat postponed, but it was only kicked into the long grass; and it re-emerges again in slightly different ways as the EU does not accept rebuff. A few years later the EU tried again. This time I had to go to Brussels on behalf of the CBI and BCSA and make it clear the damage that would be caused to British Businesses if our opt-outs were to be withdrawn. The loss of the opt-out would seriously damage working people and businesses through taking away individual's rights to choose when they wanted to work and destroy the flexibility British Businesses needed to react to the peaks and troughs of business life. We succeeded in retaining the opt-out again, we hope for the last time before we leave the EU. The Holiday Pay issue, a fall-out from the WTD is an even more damaging time-bomb. The European Court of Justice has already told the Government that its interpretation of the WTD in respect of holiday pay is wrong, and over-ruled Parliament.



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## ANNEX C

### **European Court of Justice (ECJ – Ruling’s on Working Time Directive**

The European Court of Justice (ECJ) is not a Court of Justice; it is the Orwellian name for the enforcement arm of the EU. And has also in a Spanish case heard in Luxemburg taken upon itself to say that travel time should be classed as working time for non-office based staff. On the face of it, one might think what’s wrong with that; let me tell you.

In 1998 our government produced the Working Time Regulations. Businesses had to adapt and settle its labour agreements upon the basis of these (in 1998) new regulations. Holiday pay was always paid on the basis of one’s salary or the employees contracted hours of work i.e. a 40-hour week at basic rate would mean a 40 hour paid weeks’ holiday. Accepted by all; business adapted and moved on increasing holiday leave entitlement as later changes came in.

As a result of the ruling by the ECJ, the door was opened to two union funded claimants (one on overtime the other on commission) to apply through our employment courts that they could have been underpaid since 1998 by employers who had not taken into account regular overtime or commission on basic earnings when calculating holiday pay. While some relief in back pay claims has been established (that could have seen many go bust) the big risk to employer and employee remains going forward.

While these cases rest still with the courts, the implications for businesses could be very damaging indeed. Not only would they harm the business, but the ECJ decision that could force UK courts to obey will ultimately damage the very people the union is supposed to represent. The consequences of this at best will see labour agreements changed to the disadvantage of employees and at worst see businesses close.

Imagine: highly incentivised and skilled staff who earn well over the living wage as basic and who enjoy bonuses and good overtime rates that help drive our economy. They would see these incentives end if the business was to survive. The administrative burden of managing holiday requests would be enormous as businesses would have to do a calculation going back over a 12-week reference period for every single application, even for one half day application.

Periods of overtime that businesses offer would see surges in holiday requests immediately afterwards, so that employees could maximise their holiday pay. Sales oriented staff on substantial bonus schemes would be driven to claim them at the best time for their forthcoming holiday. The cost would be enormous; but small compared to the disruption to work programmes and the bad feelings that the disruptions would entail.

Travel time, if following the latest court ruling, would have to start being counted into working hours and it could yet be argued that this should be paid as working time; our productivity levels would plummet and the remuneration and the amount available to pay the work force would have to be slashed. A worker traveling an hour each way 5 days a week could lose 10 hours a week productivity if they had not opted out.



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Imagine also our mobile workforce who regularly work far from home throughout the UK, who in the summer, when long days would enable them to work longer hours; by Thursday afternoon they would have to put down their tools and wait until Monday, away from their partners and families, at great expense for plant hire and accommodation. The price to the whole economy would rocket; or businesses would cease to trade.

Brought in under the guise of Health and Safety, this damaging ruling ignores the overwhelming Health and Safety legislation already in place that more than adequately offers protections to ensure our workforce are looked after.

Fuelled on by the unions who are clearly ignorant of the impact this would have on the skilled sector. Productivity levels would fall, costs would go up and our skilled workforce would be driven out of the industry.



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## ANNEX D

### **Employment Law**

The Employment Rights Act of 1996 has been modified from time to time to come in line with EU dictat. While there are some positives, the act has created the most challenging and difficult conditions for SMEs. The powers that be in Brussels pay great heed to large corporations and the 15,000 or so lobbyists working, at great expense in EU establishments. There is no effective lobby for SMEs, who make up 60% of our economy, employ the majority of workers and pay their full share of taxes. The idea that processes which are suitable for multinational and very large companies will work for SMEs is wrong. The administrative burden and the personal challenges employees and employers face does more to damage working relationships than it does good. Business owners and management of SMEs tend to know their staff in person. SMEs foster completely different approaches to their staff than do larger businesses. A one-size-fits-all approach engineered by the lobbyists in Brussels does not work for SMEs that employ most of the workforce. The result is a huge waste of valuable time that impacts negatively upon the entire workforce and damages relationships. Lawyers get rich, time and money are wasted, to the detriment of running efficient, productive and profitable businesses. While there will always exist rogue employers big and small, the good employers (the vast majority of British businesses) suffer. Like all regulation, multinationals and big business like it. It fulfils their aim of eliminating competition from start-ups and smaller firms. A serious review is required and most urgently.



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## ANNEX E

### **Health & Safety Regulations**

Particularly in our industry good Health and Safety practise is paramount. I personally take my responsibilities toward our staff and those who could be affected by our actions as the most important consideration before we set to work on any project. Yet the regulators have created a separate industry that in many cases does nothing to improve safety in the workplace, but is a wealth absorbing industry in its own right that achieves little.

When the Construction Design and Management Regulations came into effect, the paperwork mountain grew significantly and the accident rate across the UK went up. Business owners then had to consider more administrative staff to deal with all the boxes that had to be ticked out of this regulation and the many others that have come into play since the introduction of the EU “six pack” in the mid 90’s.

While not all Health and Safety regulation is bad (some of it is good), bad employers continue to flout the rules as they are largely unpoliced and don’t care anyway; while the majority of hard working people are near having a mental breakdown over how to do their job. The result; a back covering highly administrative process has been allowed to grow which has negatively affected UK productivity levels. Across the EU there is an uneven playing field as others ignore the rules or apply them half-heartedly. Member states who are supposed to apply regulation simply do not do so; so we are less competitive than other European countries.

A serious review is required.



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## ANNEX F

### **Harmonisation of Standards CE mark; Construction Products Regulations (CPR)**

This is probably the biggest nonsense to emanate from Brussels, under the guise of the CPR. We would have done more to resist it had we known what it meant. It is a paperwork exercise which adds nothing to Health and Safety, and nothing to Quality; it certainly does not mean any product will work safely. Designed to ensure free market access for everyone across the EU, we were required by law to introduce a costly Factory Production Control system. Many businesses have been forced to do this (some have illegally ignored it and I don't blame them) believing that the single market would then be free for us to finally be able to sell into it some 40 years following the promise. The only justification for it is that it kills start-ups and innovations and competition from smaller firms, as was intended by the lobbyists pandering to the EU Job Destruction Organisation. Larger organisations can afford it; an unwanted consequence is that the biggest companies are Chinese, as you will see if you turn over any computer, phone, and home appliance and see the Logo: CE, Chinese Export.

The growing administrative burden is akin to walking through treacle when going about your daily work. It has made our products more expensive for no gain, yet directors could face up to 3 months in prison for not ensuring compliance. Some in the industry say that it has helped them raise their game, but CE marking does not mean something has been well designed; or that it is a mark of quality; or that is suitable for its intended use. Safety comes from good design and a skilled and well managed work-force. There have been no news bulletins reporting the failure of steel structures made by UK companies here or across the world in the 35 years I have worked in the industry. Quality can be assured through ISO 9001, a well-recognised standard that many companies in the UK adhere too. The truth here is that CE simply squeezes out competition; a respected businessman said to me "CE Marking will mean more work for us" meaning we could crush out those who want to compete in our market. I could see his point, but this is exactly what is wrong with the concept. Protectionism destroys innovation and holds back those who want to grow. The end result will be a stale and uncompetitive industry that is happy to swim through treacle.

Imagine the young entrepreneur trying to start up with all this useless regulation. It would be like the beginner at the side of the pool eagerly waiting his first lesson, only to be told he could not enter the pool until he could swim.

The CPR should not be a mandatory requirement for UK Businesses like ours. They can be maintained voluntarily for those who wish to maintain them.



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## ANNEX G

### **The Single Market and Customs Union**

Two key areas where businesses need certainty and now. It is widely acknowledged that a vote to leave would mean we were out of these and this should be made clear now. If we are to make and decide upon our own rules we have to be free to do so. If we want to do our own trade deals we cannot remain in the customs union.

And even more importantly; no one mentions the disaster that the single market is for British Industry and Agriculture, which exports only two thirds of the amount we import. The current deficit is in the order of £127 Billion per Year (vastly more than the stated cost of £350 million per week, 7 times more!) This is in great part down to the protectionism across the EU, and the uneven playing field we compete on. It is not worth a single concession.



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