

British Drilling Association

Founded 1976

NEWSLETTER

Committed to Excellence in Health & Safety, Quality of Workmanship and Technical Standards for the Benefit of the Drilling Industry and its Clients

February, 2012

Secretary's Column

Welcome to the first Newsletter of a new year and I trust that all had a good festive break. Here's hoping that the drilling industry will start to turn the corner during these twelve months.

2012 on a wider front promises to be one event after another. On April 15th it will be 100 years since the Titanic sank so no doubt we'll hear a lot more about that. June starts off with the Queen's Diamond Jubilee followed immediately by the Euro football championship in Poland / Ukraine during the rest of the month. Late July into August is the London Olympic games. And if anyone is saying 'how the dickens will we get the time to fully appreciate these' then it's also Charles Dickens 200th birth anniversary this February (although the phrase originates from Shakespeare).

BDA also has a lot to do this year. Its revised Health & Safety Manual is to be published. Revision of BS 5930 Site Investigations commences and BDA will be heavily involved. Geothermal drilling certification, qualification and training programmes will be rolled out. UKAS ground investigation certification for companies will start. In addition the Association will continue to add value and other benefits for its members.

In all an extremely busy year ahead and I wish you 'the best of times' (Dickens. A Tale of Two Cities).

**All thoughts are welcome, call:
Brian Stringer
01327 264622
office@britishdrillingassociation.co.uk**

COAL AUTHORITY GUIDANCE Hazardous Gases

A new document dealing with the hazards of coal measure gases will be published in the next few months. BDA has been much involved with the Coal Authority in the document's preparation and looks forward to its publication which should bring much needed clarity to the subject.

Back in November 2005 the Coal Authority (CA) issued information that it was 'assisting the police with an investigation into the potential for carbon monoxide to be produced or displaced through drilling and grouting operations in coal measures strata'. The investigation was prompted following the deaths of an elderly couple that year in the West Midlands. In a November 2006 letter to BDA, the CA gave further information that 'at an inquest held into the deaths on 30th October 2006, a jury found that they were convinced that the couple had died of carbon monoxide poisoning and that on the balance of probabilities it was due to disturbance of adjoining land by drilling operations'. This letter introduced the idea that further BDA guidance would be appropriate as to precautions to be taken when drilling through strata thought likely to contain flammable gas.

Following a BDA call for clarification, the Health & Safety Executive (HSE) in May 2007 issued a position statement in which it called for 'water flushing as the primary flushing method for work of this kind'. CA went on to adopt this statement and issue its own revised procedures for companies applying for permits to enter CA property (worked and unworked coal).

NOTE: It's important to take notice here, for those unaware, that drilling into CA property requires prior CA permission. This applies for any form of drilling, not just for drilling & grouting operations. Companies new to drilling e.g. for ground source heat installations may not have come across this requirement yet.

It was another two years before anything further could be done to produce guidance. This was because legal proceedings arising from the original 2005 incident were still in progress. In May 2009 a legal case was settled which cleared the way for CA, HSE, BDA and AGS (and FPS more latterly) to come together to produce unified guidance. A working party was set up and through a series of meetings has now reached the position of issuing a draft guidance document for peer review.

The guidance document titled 'Guidance on Managing the Risk of Hazardous Gases when Drilling or Piling near Coal' will be published simultaneously by its joint authors probably in April once reviewers' comments have been appraised. It will appear on the BDA website and we'll inform BDA members as to when this happens. BDA looks forward to its appearance albeit some six years+ after the unfortunate 2005 incident. Sometimes it takes that long when other parties are involved but the incident's serious nature and its legal ramifications have taken time to unravel.

BDA MEMBERSHIP

Membership Renewals 2012

Renewal invoices for 2012 BDA membership were posted in the first week of January. We'd appreciate early attention to these in order that the work of the Association is not held back by delayed payment.

We thank those members who've already renewed. Your quick payment has been much appreciated.

Your BDA Committees, whose members freely give their time for the furtherance of the Association and the industry, would like continuance of your support to ensure that all matters, whatever the drilling application, are dealt with. What would you like to see covered?

Committee Assistance

The BDA has a range of committees which includes its Management Committee and sub-committees for finance; training & education; safety, standards and technical. At various times we also have working parties to deal with specific matters. We'd like more members to become involved and offer their assistance.

The opportunity to help the BDA is not reserved for a few favoured ones. It's open to any member and we'd like to see more fresh faces. It's not only worthwhile but also enjoyable to be on one of the committees. Make your interest known to the BDA Secretary and he'll give you all the information you need for you to make a decision as to whether to volunteer.

NSCC Accident Survey 1st April 2010 - 31 March 2011

The BDA is a member of NSCC (National Specialist Contractors' Council) along with 30 other trade associations. NSCC's accident survey report (to which the BDA contributes its statistics) was published in December. A full copy can be obtained from the BDA office.

(BDA figures are in brackets)

Companies reported	2,527	(95)
Direct Employees	70,731	(6,186)
Sub Contract Employees	27,586	(753)
Total Employees	98,317	(6,939)
Fatalities	1	(0)
Major Injuries	169	(23)
3 Day Injuries	629	(44)

NSCC's incident rate (Fatalities, Major Injuries, 3 Day Injuries combined) was 810 per 100,000 employees. (BDA was 965 per 100,000). One aspect of NSCC's report was a very significant 37% reduction of the specialist workforce due to recession. (BDA was 21% reduction).

QUICK INFORMATION

CSCS Chairman

Trevor Walker resigned as Chairman of CSCS on 6 December and was replaced by Michael Clapham, a former Labour MP. It is anticipated that the relationship between CSCS and ConstructionSkills will be strengthened and the card scheme will now move forward with the support of the whole industry.

Crossrail Contract Opportunities

NSCC and Crossrail are hosting 'Meet the Contractor' event on Wednesday 29 February at the London Transport Museum Depot in Acton, London. This will enable specialist contractors to have 'one to one' meetings with a range of Crossrail tier one (main) contractors. Contact BDA office for further details.

New Construction Act

Main contractors are amending their sub-contracts following implementation of the new Construction Act in an attempt to undermine the benefit of the changes for specialist contractors. NSCC is receiving copies of new terms and conditions designed to reduce certainty about how much is due and when, as well as the ability to do anything about it. If BDA members have received any new sub-contracts which they are concerned about then they can be forwarded in confidence to enquiries@nsc.org.uk

Credit Checks

NSCC offers free credit checks to BDA members by emailing the company name or number to:
creditcheck@nsc.org.uk

This is a benefit to BDA members because BDA is an NSCC member. You may be asked to confirm your BDA membership if using the service. If so then contact the BDA office.

BDA on the WEB

*For latest news and updates visit our website
Our new website contains much needed information*

www.britishdrillingassociation.co.uk

BDA WEBSITE

www.britishdrillingassociation.co.uk

Since the launch of the new website in November 2010, we have received welcome compliments about its appearance, content and ease of use. The site is consistently receiving in excess of 130 hits a day. We are still in the process of developing more content and features so keep watching for changes.

Are your membership details correct?

Please check the site to ensure that your company title, address and contact numbers are correct. Please advise us of any changes required.

Members Activities

Each Corporate member has received a fax-back sheet on which they can list their activities. This needs returning for uploading to the BDA website. Please return it as soon as possible. If the sheet has been mislaid then please ask our office for a duplicate copy.

Your Website Link

On the fax-back sheet (see above) we offered the opportunity of a link to your own website to appear with your membership listing. Many members have already subscribed to this. Shortly we'll also be offering the addition of your company logo as part of this service. Contact our office for further details.

BDA Website Advertising

Now available is a facility for members to advertise on the BDA Website. Full details can be viewed on the website itself.

This is a great opportunity to profile your company and its services to a larger audience on a daily basis. The advertising rates compare very favourably with what's available elsewhere in order to provide a real benefit to members. Get in first before your competitors seize the undoubted opportunity.

VAT LIABILITY OF GEOTHERMAL DRILLING

Clarity as to what rate of VAT should be charged for geothermal (GSHP) drilling to a domestic customer would appear to have been obtained. This follows a successful appeal by a BDA member against a decision made by HM Revenue and Customs (HMRC).

In March 2011, HMRC had made an assessment that the BDA contractor member had been charging 5% Vat for drilling / loop installation on existing buildings to the residential owner rather than the standard rate of 20%. (HMRC accepted that the same works for new dwellings would be at zero-rate VAT.) The 5% is known as a 'reduced rate' for 'energy-saving materials' and according to HMRC was only applicable to 'ground source heat pumps' amongst other materials listed in the key legislation VATA 1994 Schedule 7A Group 2. HMRC's assessment was that drilling / loop installation, by itself, did not qualify under 'ground source heat pumps'.

The case was complicated but the BDA member felt that while it made no difference to it as to whether it charged 5% or 20% (it could reclaim either), it would however add extra cost to the majority of householders / private clients who couldn't reclaim VAT and thereby dissuade many from having a heat pump.

The BDA Member consulted counsel and thereafter appealed against HMRC's assessment. One of the principal arguments for the appeal was that a ground source heat pump is not functional as 'energy saving material' unless part of a system i.e. with a ground collector. The latter is just as important as the heat pump. The whole system therefore should be eligible for a reduced VAT rate. HMRC had said that should both heat pump and ground collector be together a single supply i.e. from a single contractor / installer then a reduced rate on the whole could be charged. However HMRC said that if two separate contractors were involved, the one doing 'preparatory work' e.g. drilling should be invoicing to residential owner at the standard rate. The BDA member used a principle of fiscal neutrality to argue against this.

In December 2011 HMRC informed the BDA member that it was withdrawing its assessment regarding VAT liability on the geothermal (GSHP) drilling / loop installation. This is a considerable independent success for the BDA member. BDA was standing by to assist should the matter have formally proceeded to a Tribunal.

It must be understood that all VAT matters are extremely complex. HMRC's withdrawal of its assessment in this case is regarded by BDA as being very significant. Should the appeal have failed then HMRC would no doubt have made other companies, providing similar services, immediately liable for the standard VAT rate of all previous and future work. BDA members, variously, will have been applying 'reduced rate' or 'standard rate'. Those members should consider their position following this information but we provide a word of caution. 'One swallow does not make a summer'. It's up to each individual company to examine its own operations as it may be challenged by an HMRC officer at any time. A local decision to withdraw an assessment, in the case of the BDA member, may set a precedent but this may not be binding in all cases. BDA needs to know of any similar cases on this issue, either previous or future, in order to form collective knowledge for any BDA future involvement.

NOTE: For an applicant (45kW therm or below) to qualify for Renewable Heat Incentive (RHI) payments, it will be necessary that the ground source heat pump system is installed by an MCS contractor. The requirements for an MCS contractor contained within MIS 3005 version 3.0 (published 6th September 2011, and in previous versions) is that if any part of the work is done by others then there should be a formal sub-contract in place. Drilling contractors should be aware of this and not take on contracts directly with residential owners (or schemes < 45kW therm) other than through an MCS contractor for the < 45kW applicant to qualify for RHI. It is for the MCS contractor to design and install a fully compliant GSHP system, and accept responsibility for it. Drilling contractors without MCS certification should be wary of contracting directly with residential owners where RHI is involved.

BDA THREATS AND OPPORTUNITIES A consideration

Traditional business modelling is to consider strengths, weaknesses, opportunities and threats - otherwise known as SWOT. BDA is no different and constantly reviews this. It's a non-profit Trade Association business owned by its members and responsible to same. Time to examine where it is.

Forget that BDA celebrated its 35th anniversary last year. History is no reason for continuance. Any business cannot rely on its brand name established over many years. It has to be relevant to today. Strength of BDA is that it's never failed to deliver in looking forward whilst looking after its current members. Industry today would be suffering if NVQ Land Drilling; CSCS Land Drilling etc. were not in place. To this we can add BDA safety guidance documents which are widely quoted; development of EN and BS Standards; BDA Audit; Sector Schemes, and a host of other initiatives. All have been funded and brought about through BDA members contributing to a common aim - advancement of the drilling industry.

What are BDA weaknesses? Firstly, not every drilling contractor or associated ground drilling company is a BDA member. Some choose to remain outside but benefit from BDA work. Maybe a cost saving for them but are they committed to the industry at large? Secondly, BDA does not market itself sufficiently to retain existing members or recruit new members - we'll be publishing more about what we do to rectify this. Thirdly, BDA may fail to deal with member issues but we need to be told about them. There may be other weaknesses but BDA is addressing them on an every increasing basis, and it's foremost on the BDA agenda.

Opportunities are central to BDA thinking. The opportunity to make a difference is paramount and always has been. It's never been driven by commercial ambition. BDA member funds are solely used for industry wellbeing.

Threats to BDA may be apparent. Pretenders (commercial interests seeking a profit) are not Trade Associations and should be avoided.

BDA Audit Information

BDA Audit is the successor to BDA Drilling Accreditation and differs from the former scheme in that all audited operatives possess an NVQ, level 2, in Land Drilling and valid CSCS card in Land Drilling. It's open to Lead Drillers / Drillers and any drilling discipline.

It's becoming a necessity. Clients will be specifying it in order to conform to Eurocode & British Standards - BS 22475-2 & -3 and Amendment 2 of BS 5930 - and also the revised SISG (Site Investigation Steering Group) documents. It will also be necessary for those in geothermal drilling in order to satisfy the UKAS certification scheme requirements.

Please note that the BDA Driller Accreditation Scheme was wound up in 2005. Those who belonged to it should no longer be claiming that they are currently BDA Accredited. This would be an act of misrepresentation and the Association retains the right to take action should evidence reach it of this taking place.

BDA Audit is the only accreditation now issued for drilling operatives. Don't get left behind in not being able to satisfy tender requirements. Apply for details now to the BDA office and get ahead of the crowd.

NEW PUBLICATION Contaminated Land

Guidance for Safe Intrusive Activities on Contaminated or Potentially Contaminated Land

This new document is a complete revision of the BDA "Guidance Notes for the Safe Drilling of Landfills & Contaminated Land" published in 1992. The original document became famous for introducing site categorisation - green, yellow and red - and went on to being republished by Thomas Telford as SISG Part 4.

The new document comprises 52 pages and is in A4 booklet format.

It is essential reading for all who have to specify or carry out intrusive activity on contaminated land and features much on CDM 2007 and how to decide as to the site categorisation.

The document is available from the BDA Office @ £20 + £1.50 post & packing for BDA members. Telephone 01327 264622, fax 01327 264623, email office@britishdrillingassociation.co.uk

You may also like to order the Guidance for the Safe Operation of Cable Percussion Rigs and Equipment at the same price which was published in 2005 or its sister document on Dynamic Sampling published in 2007.

AND FINALLY

BDA is well aware that there is an attempt by a commercial company to persuade BDA members and others to join a 'federation' that seemingly will offer similar services that BDA already supplies. The commercial organisation, in its promotion of the 'federation', more than implies that committee led Associations are not the right way.

BDA Committees are democratically elected from its membership. Who elects this federation's governance?

Brian Stringer

British Drilling Association Limited

'Wayside', London End, Upper Boddington, Daventry, Northampton, NN11 6DP

WEB: www.britishdrillingassociation.co.uk

Tel: 01327 264622 Fax: 01327 264623 Email: office@britishdrillingassociation.co.uk