Scotland's employee-owned foundry returns to profit

Scotland's only employee-owned foundry, which was taken over by its workers last year, has reported a difficult 12 months following the downturn in the gas and oil industries.

Specialised Castings in Denny, near Falkirk, produces bespoke metal casts for engineering and architecture – including the cast iron railings for Buckingham Palace and pipes that suck up sea water to fight oil rig fires.

The transfer to employee ownership coincided with a drop in orders – mainly as a result of the falling cost of oil, which had a knock-on effect on manufacturing. As a result, the new employee-owners issued redundancies, reducing the workforce to 25 employees, 19 of whom work on the shop floor.

The business returned to profit earlier this year. "Now we are snowed under with orders and finding skilled staff is becoming a problem," said operations director Ian Walker. As the firm returns to profit, cash-flow has been helped with a loan from Co-operative & Community Finance.

Non-executive finance director Catherine Maciocia said: "The loan is very welcome indeed. We have been living hand to mouth and as we return to profitability we have been relying on the goodwill of our suppliers. "The loan means we can concentrate on the day job rather than juggling the cash."

Ian Rothwell, investment manager at Co-operative & Community Finance, said: "It's great that we have been able to support yet another employee-owned business in Scotland. "In fact we have heard that the former owner was inspired to sell to his staff by the example of Clansman Dynamics, who we also helped a few years ago."

The firm – one of just two iron foundries left in central Scotland – dates back nearly 200 years. The current company was established in 2001 following a management buyout from a larger group. In 2015, retiring managing director Steve Waring sold the business to the workforce.

New ASTM iron castings to help auto industry

A new ASTM specification will help manufacturers optimise and expand the use of high-silicon molybdenum iron (SiMo) castings, which are used in high-temperature car parts such as exhaust systems and turbocharger housings or for components of power pl. "This standard helps produce lighter, more heat-resistant and more consistent iron castings for auto and related industry applications," said ASTM member Delin Li, Research Scientist, CanmetMATERIALS, a branch of Natural Resources Canada. He says that iron casting manufacturers and automotive OEMs will be the primary users of the standard.

The standard (A1095, Specification for high-silicon molybdenum ferritic iron castings) covers process, design and heat-resistance of SiMo castings. It includes spheroidal and compacted graphite microstructures, as well as a new type of iron, mixed graphite.

"The mixed graphite microstructure introduced in the standard could offer a game-changing opportunity for producing cast iron engine cylinder blocks, head, liners, brakes and exhaust components," said Li. "This could benefit the entire metal casting and automotive industries."

Foundry firm closes Leicester business

A Walsall-based foundry business has announced the closure of an operation in the East Midlands after incurring a near £400,000 first half loss.

Chamberlin announced a statutory post-tax loss of £391,000 in the first half (2015: loss of £367,000) – prompting the decision to close the factory in Leicester, which it said was the least specialised of its three foundries.

Overall, the firm said results for the first half were in line with management expectations and the group remained on track to achieve market expectations for the full year. Revenues for H1 were £16.4m (2015: £18.0m), with an underlying pre-tax profit of £8,000 (H1 2015: £57,000).

Chamberlin chairman, Keith Butler-Wheelhouse said: "Results for the first half are in line with management expectations and reflect the anticipated picture across our foundry activities.

"We recently took the difficult decision to close our non-core foundry at Leicester, the least specialised of the group's three foundries, which has been suffering from reducing demand.

"We are now close to completing our initial investment in new machining capability at Walsall, which is opening up additional opportunities and underlines Walsall's ability to deliver a world class product at a globally competitive cost."

He added: "Demand at this (Leicester) foundry, whose area of activity is the least specialised, has been subdued for many years and it is clear that production is no longer economically viable. We expect operations at Leicester to cease by the end of the year." The closure is not expected to impact the group's pre-tax profit forecasts.

This section is a compilation from various company press releases, business dailies & trade publications