



**Guide to the
National Agreement for
the Engineering
Construction Industry**





Multifuels Project, Ferrybridge
(photo courtesy of Hitachi Zosen Innova)

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Foreword

In 1981, the National Agreement for the Engineering Construction Industry (the NAECI) was negotiated by representatives of employers' organisations and the trades unions with members employed in the engineering construction industry. Since its inception, the Agreement has enjoyed considerable success. Throughout the ensuing years, it has continued to increase its range and flexibility to meet a changing business and labour environment.

The Agreement is more than a convenient handbook of terms and conditions of employment. It provides the structures and procedures through which immediate problems can be jointly resolved and where longer term goals can be set and reviewed.

To ensure greater clarity and to further emphasise the importance of the NAECI, the NJC has agreed to publish this Guide.

I recommend this Guide to all involved in the industry, in particular those who are new to the industry and those who need to refresh their general understanding of the workings of the NJC and the NAECI.

A handwritten signature in black ink that reads "Jock Simpson". The signature is written in a cursive style with a horizontal line underneath the name.

Jock Simpson
NJC Executive Chairman

1: INTRODUCTION

(a) **Purpose of the Guide**

The purpose of this Guide is to provide a general introduction to the institutions and provisions of the National Agreement for the Engineering Construction Industry.

It is aimed in particular at meeting the needs of those to whom the Agreement is unfamiliar. It is hoped that by reading this Guide, you will have a better understanding of the structures and procedures that the Agreement establishes and upholds.

It is not the intention in this Guide to refer in detail to all the clauses in the Agreement. Nor is it the intention to supply answers to the many questions addressed daily to industry payroll providers and the staff of the NJC. These have been provided for elsewhere.

When consulting the Guide in order to seek greater clarity, you must bear in mind that the intent and/or wording of the National Agreement for the Engineering Construction Industry shall take absolute precedence over the wording in this Guide.

(b) **What is a Collective Agreement?**

A collective agreement, of which the National Agreement for the Engineering Construction Industry is a premier example, is simply a set of terms of employment negotiated between employer representatives and trades unions.

The means of managing employment relationships within the Engineering Construction Industry has rested with the National Agreement since 1981.

It is estimated that currently over 15,000 operatives in the UK have the terms of the Agreement incorporated directly into their contracts of employment.

(c) Key Objectives

The Key objective of the NAECI Agreement is to continue to supply a modern, robust and ‘fit-for-purpose’ national employment relations structure that:

- Enables United Kingdom engineering construction industry employers and clients to remain globally competitive;
- Provides attractive terms and conditions and greater security of employment for a competent, motivated, productive and competitive industry workforce; and
- Establishes a sound foundation for further improvements to industry productivity, resourcing and employment relations, assuring global clients of the benefits of continuing to invest in United Kingdom projects and sites.

(d) Parties

The signatories to the NAECI are:

For the Trades Unions:**For the Employers:**

Engineering Construction Industry Association



TICA

Thermal Insulation Contractors' Association



Electrical Contractors' Association, Scotland

(e) **Registration**

Registration of work is a requirement for employers to use the NAECI. All in-scope engineering construction activities as defined in NAECI 1.4 are eligible for Registration.

The Registration process formalises and strengthens the use of NAECI, thus ensuring its benefits are delivered in full for our Clients as well as for employers and employees of signatory employers' associations and trades unions. While Category 1 and 2 work is automatically Registered, Category 3 and Other Work requires an application for Registration to the NJC Office.

(f) **Scope**

The following work carried out on site by contractors in membership of the signatory employers' associations shall be included within scope of the NAECI:

Engineering Construction Projects

Structural steel erection, mechanical, electrical, instrumentation and insulation, engineering construction project work (and scaffolding and crange in support of such work) on onshore engineering construction facilities and expert dismantling of such facilities, anywhere in the United Kingdom mainland, or otherwise as agreed by the NJC.

For the avoidance of doubt, below is a non-exhaustive list of the types of projects and sites that have been, or could be, in-scope to NAECI: Power generation (gas, coal, nuclear, oil, hydro-electric, tidal, biomass and energy from waste), refineries (oil and bio-ethanol), petro-chemicals, fine chemicals, steel works, food processing, bridges, sports stadia and airport terminals.

Repair and Maintenance

Repair, maintenance and minor modification work on onshore engineering construction facilities, except where the client decides that such work should not be included within scope.

Other Work

Minor engineering construction projects, repair and maintenance or other activities normally classified as engineering construction work or where the client gives work to a NAECI contractor which registers that work.

(g) Other Industry Agreements

Special arrangements exist between the National Joint Council for the Engineering Construction Industry and the following two bodies namely the National Joint Council for the Thermal Insulation Contracting Industry (TICI) and the Electrical Contractors' Association for Scotland (SELECT). These provide that employees working under these agreements on projects where the NAECI applies shall receive terms and conditions compatible with those determined by the NAECI Agreement.

In cases where a national arrangement of this sort is not in place, any requirement to transfer between work in-scope to the NAECI and work in-scope to another industry agreement shall be set out in any written offer of employment.

2: THE NATIONAL JOINT COUNCIL

(a) Membership

The NAECI places the primary responsibility for the achievement of the objectives set out in paragraph 1(c) of the introduction to this booklet on a National Joint

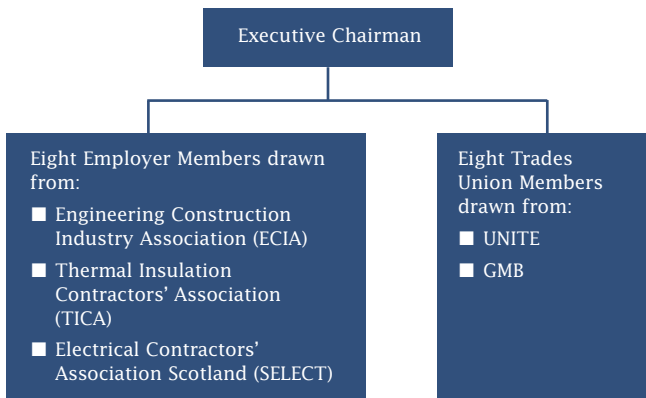
Council which is representative of all the main participants in the industry through their employers' associations or trades unions.

The National Joint Council (the NJC) is chaired by an independent Executive Chairman appointed by both parties. The Executive Chairman is assisted by a professional staff of NJC Regional Operations Managers and an administrative staff.

There are 16 members of the NJC drawn equally from representatives of the industry's employers and trades unions.

Members of the Council are senior representatives of their respective trades unions, employers' associations or of prominent companies in the industry. They are nominated by the signatory organisations for their expert knowledge of the industry's affairs.

The Council is structured in the following way:



(b) **Purpose of the NJC**

The key duties and functions of the Council are set out below.

- It is the ultimate authority on all aspects of the NAECI including the regulation, application and interpretation of the provisions of the NAECI.
- It appoints the Executive Chairman, who, on behalf of the Council, oversees the operational management and policy of the NAECI and the managerial direction of the staff.
- It promotes direct employment and such activities as incentive schemes, employee competence, and safety, health and welfare.
- It offers guidance in furtherance of the Council's Objectives.
- It represents and furthers the joint interests of employers and employees in the industry in dealings with the Government, clients, employment businesses and other bodies concerned with the wellbeing of the industry.
- It provides for effective consultation and for dealing with disputes and other employee/employer relations difficulties.

(c) **The Workings of the NJC**

The NJC is required by its constitution to meet 3 times each year. Special meetings may be called at the discretion of the Executive Chairman or at the request of either or both sides.

Many of the problems that arise in industry are dealt with and given detailed attention by the NJC Executive Committee. This committee meets as and when required but no less than 3 times each year. The committee is comprised of the principal NJC members and in some

instances others with specific expertise are invited to attend the meetings.

The NJC is concerned to ensure the provision of the safest possible working arrangements and environment for all employees engaged on NAECI sites. To that end an NJC Safety, Health and Environmental Committee has been established to develop and agree policies and guidance to meet the NJC objectives.

(d) **NJC Regional Operations Managers (ROMs)**

The NJC Regional Operations Managers provide support and assistance on in-scope projects to ensure the efficient running of the NAECI procedures and to promote good employment relations on site. They develop and maintain close working relationships with local parties and provide independent advice, guidance and the facilitation of solutions to industrial relations problems where required.

3: THE CLASSIFICATION OF PROJECTS

- (a) All engineering construction projects are within the scope of the National Agreement and the concept of categorisation permits the appropriate application of the NAECI to each of the following specific work sectors:

Major Construction Projects (Category 1)

Category 1 will contain major construction projects carried out on greenfield or brownfield sites, of local or industry significance, or which possess other characteristics that warrant this designation.

Basic Construction Projects (Category 1)

Category 1 also caters for smaller projects, some using newer technologies and with NJC agreement can provide a more flexible project specific level of support under the auspices of the NAECI.

Long Term Repair and Maintenance (Category 2)

Category 2 will typically consist of those major industrial complexes whose contractors and their workforces are continuously employed to maintain and develop the plant.

Events (Category 3)

An Event is a major shutdown or outage of an operating plant that typically involves several different contractors employing a large number of workers for a short period of time.

(b) NJC Additional Employment Relations Support for Selected Categorical Work Notification

To facilitate the process of deciding whether or not a forthcoming Construction Project, a Long Term Repair and Maintenance Operation or an Event might benefit from NJC additional employment support, clients or their managing contractor, through their signatory organisations, are required to notify the NJC of any impending capital projects that they intend to undertake.

Local Negotiations and NJC Approval

Where it is proposed to provide additional employment relations support, the local parties shall consult on and negotiate the terms of a local agreement, namely:

- A Supplementary Project Agreement (SPA) in the case of Construction Projects.
- A Long Term Repair and Maintenance Agreement, in the case of Long Term Repair and Maintenance Operations.
- An Event Agreement, in the case of Events.

4: CATEGORY 1 PROJECTS

(a) **Criteria and Arrangements on Major Construction Projects**

Major construction projects are defined in Paragraph 3(a) above, and constitute significant new build projects such as power stations and oil and process plants.

The main criteria for determining which projects should fall in this category are:

- Size and estimated peak manpower.
- Estimated duration of the project.
- The number of contractors involved.
- The significance of any industrial relations issues likely to arise in relation to other projects or to the industry generally.

Once a determination has been made the NJC will allocate an NJC Regional Operations Manager to represent the NJC on the project.

Normally, the parties will proceed in accordance with the arrangements set out below. They shall consult on and negotiate the terms of a Supplementary Project Agreement (SPA) and establish the constitution and procedures of the Project Joint Council (PJC).

(b) **The Project Joint Council (PJC)**

The success of the NAECI and of the industry depends to a high degree on the effective working of the PJCs. The PJC is established in accordance with the provisions set down in the NAECI. Its constitution is left to local determination in line with the NAECI model. The PJC comprises an employers' side drawn from representatives of the major contractors and a trades unions side drawn from full time officers and

members employed on site. Actual numbers are defined in the SPA. Each side appoints a Chairman and the arrangements for the conduct of meetings are worked out between them. The NJC ROM is also a member of the PJC.

The main duties of the PJC are:

- To uphold the terms and conditions of employment on site in accordance with the NAECI.
- To implement the agreed PJC stages of the procedure for the settlement of matters arising and to observe all other procedures.
- To maintain good standards of productivity and industrial relations on site by developing a common and co-ordinated approach by contractors and trades unions.
- To facilitate joint discussion on project related issues such as productivity, the incidence of absenteeism and improvements to working practices.
- To cooperate with the NJC and to report on the decisions and activities of the PJC.
- To consider and act upon the report of the independent auditor.

(c) **The Supplementary Project Agreement (SPA)**

The purpose of the SPA is to reinforce the core terms of the NAECI and to include items of local significance. It will also establish the constitution and procedures of the PJC.

The main substantive items to be determined and featured in an SPA are:

- Commitment to the provisions of the National Agreement, e.g. basic rates.
- Details of any incentive bonus arrangements.

- Conditions agreed to be specifically local and extraordinary.
- Distribution of hours in the normal working week.
- The overtime policy for the project.
- Detailed holiday arrangements.
- An appropriate project training plan.
- A health, safety, environmental and quality plan.
- What work is in or out of scope.

The main non-substantive contents of SPA's are:

- The constitution of the PJC.
- The membership and officers of the PJC.
- The composition, function and powers of any PJC sub committee.
- The definition of the PJC stages of the Dispute Procedure.
- The appointment of safety representatives.
- The auditing arrangements.

(d) **Audit Arrangements**

The SPA normally provides for the appointment of a qualified independent auditor. The auditor's task is to ensure that the terms of the NAECI are being strictly observed and that payments are compatible on any given project and between projects. Thus, earnings, hours and productivity on the project are monitored monthly by the auditor and this information is provided to the PJC who will consider and take any necessary action if discrepancies are found. This information is also made available to the NJC.

(e) **Category 1 Basic Projects**

Where it is thought to be appropriate and only with NJC approval, alternative arrangements can be considered for selected smaller projects.

(f) **Arrangements on Other Categories**

Long Term Repair and Maintenance Operations

Such sites normally possess existing supplementary site agreements administered by local joint councils. These will continue in line with the principles and structured arrangements embodied in the NAECI and set out above. In addition, small new-build, refurbishment, minor modification projects and shutdowns may also be included in the scope of long term repair and maintenance site agreements.

Major Events

Where a long term repair and maintenance agreement does not exist, employers are encouraged to support consultation about and negotiation of structured arrangements for Major Events in accordance with the NAECI, as set out above.

5: CORE TERMS AND CONDITIONS OF EMPLOYMENT

(a) **Productivity, Skills and Continuous Improvement**

With the full support of the signatory parties the NAECI brings benefit to all its stakeholders and enables the industry to initiate a process of continuous improvement. The parties are committed to achieving the most efficient use of all available working hours and the fullest use of skills by allowing increasing flexibility

in the NAECI's application locally at project and site level. Such flexibilities include adapting hours of work to meet client and/or contract requirements and developing new working patterns to maintain plant or meet programme dates.

(b) **Incentive Bonus Arrangements**

Employers may introduce incentive bonus arrangements to reward and encourage improvements in working practices and/or the achievement of specific targets or objectives.

(c) **Recruitment**

When recruiting people or deploying existing employees, being members of signatory trades unions, from whatever source, employers have the right to select whoever they consider to be the most suitable for the task in question. Employers will encourage all their employees covered by the NAECI to be members, in good standing, of a signatory trades union.

(d) **Direct Employment**

The NAECI is founded on the principle of direct employment. All individuals employed on in-scope work by companies in membership of a signatory employer association shall be employed directly, in full compliance with NAECI terms and conditions.

(e) **Non-UK Contractors and Labour**

Citizens of all but two of the European Union (EU) States have the automatic right of residency and employment in the UK and the NAECI provides that they must be paid the same as UK employees and strictly in accordance with the NAECI.

There will be occasions when, for varying reasons, a

company may award a package of work to a non-UK contractor, many of whom are already in membership of the ECIA. Non-UK contractors may already employ some labour resource which they may have used on previous projects and which they may choose to employ on the work they have secured in the UK. Provided this labour force consists of EU citizens, using such employees is entirely lawful within both European and UK law.

In these circumstances, the NJC encourages companies:

- to establish and maintain good communications between all the parties involved.
- to ensure that UK workers have equality of opportunity to apply for vacancies.

(f) **Industry Occupations and Grades**

The main trade occupations employed on in-scope work and the appropriate grades are defined in the NAECI.

(g) **Competence Assurance (ACE)**

The ACE scheme is fully supported by all NAECI stakeholders and is designed to be a simple, consistent and robust method for proving competence within the Engineering Construction Industry. The scheme utilises Vocational Qualifications and the CCNSG Safety Passport as the proof of Occupational Competency. Full details can be found at www.ecitb.org.uk under ACE Card Application.

(h) **Travel and Accommodation**

The nature of the industry is such that many employees are required by their employers to work at a place outside normal daily travelling distance from their permanent home, requiring them to reside in temporary accommodation. The NAECI prescribes comprehensive arrangements whereby, in these circumstances, an

eligible employee shall suffer no loss but be entitled to accommodation allowance and travelling expenses for periodic weekend leave and on commencement, termination and transfer of employment.

(i) **Marking the Death of a Work Colleague**

The NAECI makes comprehensive provisions for marking the death (whether on or off site) of a current work colleague. These enable employees and managers to arrange for:

- work colleagues to pay tribute to the memory of the deceased through a formal mark of respect organised on site.
- representatives of the company's employees to receive special paid leave to attend the funeral.
- the collection of donations for the dependants of the deceased.

Notwithstanding these provisions, there is cause for concern in areas of non-compliance, in particular with regard to unprocedural action, especially sympathy stoppages. Whilst damaging to the reputation of the NAECI, sympathy stoppages are not beneficial to the dependents of the deceased. The NJC has spent a lot of time in attempting to address this problem by dramatically improving benefits.

(j) **Other terms and conditions**

As stated in the Foreword to this Guide, it is not the intention to refer in detail to all the clauses in the NAECI. Matters relating to Pay, Working Hours, Preservation of Earnings, Holidays, Welfare Benefits, Transfer & Termination of Employment and Redundancy are comprehensively covered in the pages of the NAECI under the relevant clauses.

6: RESOLVING ISSUES AT WORK: PROCEDURAL PROVISIONS

Unprocedural action is damaging to projects and costly for clients, contractors and NAECI employees. Every effort needs to be made to avoid it and when it occurs, a speedy resolution needs to be found. Good industrial relations depend on effective procedural arrangements and these must be seen to be fair and to work speedily and efficiently.

The NJC has adopted the best practice in industry and since 1981 the procedures in the NAECI have proved to be one of the cornerstones of the agreement, universally acclaimed and continuously supported and upheld by all parties.

In 2007 the NJC agreed to clarify for the industry the process and procedural steps required in connection with:

- Grievances & Disputes - see (a) below.
- Disciplinary/Redundancy Dismissal Appeals - see (b) below.

With a view to resolving procedural matters as soon as possible and where both sides agree it is appropriate, the NJC Regional Operations Manager may be invited to provide facilitation at any stage of the Procedural process.

(a) **Procedure for Resolving Grievances and Disputes (The "Grievance" Procedure)**

The Grievance Procedure provides for a maximum of 4 separate stages where needed. These are set out below.

Stage 1 - Domestic Resolution (Formal)

In the event of a dispute not being speedily resolved on an informal basis through discussion between the employee concerned and the immediate supervisor, the

matter may be referred to the appropriate shop steward who will seek resolution with the appropriate designated manager.

Stage 2 - The Site Meeting

If the matter is not resolved at Stage 1, either party can refer the issue to the local full time officer, who will then visit the site to try to resolve the issue with the employer's senior representative.

When, on a Major Construction Project or a Long Term Repair & Maintenance Site the matter at issue has implications for other employees and trades unions, or involves an interpretation of the NAECI or SPA, the function of Stage 2 is confined to collecting and recording the facts.

If settlement is not reached at Stage 2, the next stage of procedure shall be:

- Stage 3, where the parties have previously agreed that such a provision is appropriate for the categorised project/site.
- An NJC Adjudication Panel (Stage 4).

Stage 3 - Project Joint Council/Local Forum

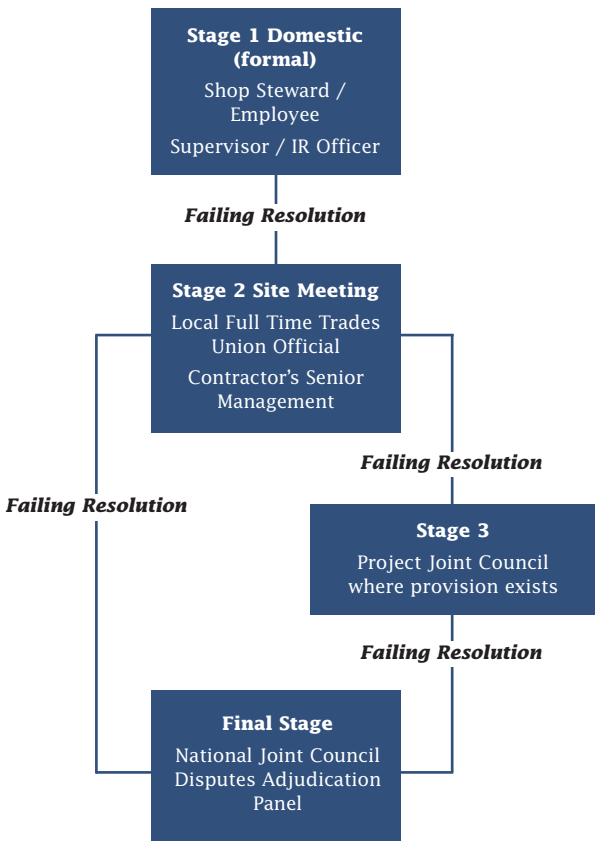
A meeting of the PJC or Local Forum shall be held within 5 working days of the completion of Stage 2 unless otherwise determined. An agreed record of the proceedings shall be made. When a decision is reached, an agreed joint statement setting out the findings will be issued immediately.

Stage 4 - NJC Dispute Adjudication Panel

Failing settlement at Stage 2 or Stage 3, the parties may pursue the matter further by referring it for a final hearing at Stage 4, the NJC Dispute Adjudication Panel.

NAECI Part 3 Appendix "E" sets out the rules regarding the presentation, processing and time scales in respect of an application to an NJC Dispute Adjudication Panel.

Diagram indicating stages of Procedure outlined above



(b) **Procedure for Resolving Disciplinary and Redundancy Issues (The Appeals Procedure)**

Disciplinary and Redundancy Dismissals (excluding probationary period)

Where an employee is either:

- dismissed on notice for misconduct or
- dismissed summarily without notice for gross misconduct or
- selected for redundancy, either on his/her performance against a matrix of factors or on length of service, his/her right to appeal against dismissal shall be determined as follows:

Domestic appeal and/or Stage 2

The employer shall make a domestic appeal meeting available to any individual who wishes to challenge his/her dismissal. If this fails to resolve matters, the issue may then be referred to Stage 2.

NJC Dismissal Arbitration Panel

Failing settlement at Stage 2, an application may be submitted to this Panel as the final binding stage of appeal.

NAECI Part 3 Appendix "F" sets out the rules regarding the presentation, processing and time scales in respect of an application to an NJC Dismissal Arbitration Panel.

***Diagram indicating stages of
Procedure outlined above***



(c) **Particulars of Panel Hearings and Decision**

Panel hearings are normally held in the NJC Offices in London on the first Thursday of the month but may be arranged locally in exceptional circumstances. In urgent circumstances a hearing will be held at the earliest possible opportunity. The Panel will include an equal number of trades union and employer members of whom at least one per side shall normally be serving NJC members. The secretary to the Panel shall be an NJC ROM who will provide guidance and advice on procedural matters and take notes.

After hearing the presentation of the case and such evidence as it may require, the NJC Dispute Adjudication Panel/Dismissal Arbitration Panel will make a decision (Finding) and this will be published. This Finding will be final and binding and there is no right of appeal.

7: GENERAL INTENT OF THE GUIDE AND ADDITIONAL INFORMATION SOURCES

It is intended that by reading the Guide, you will have a better understanding of the structures and procedures established by the NAECI.

Further details on any matters referred to in the Guide can be found in the Agreement itself or in other NJC publications which may be found on the **NJC Website (www.njceci.org.uk)**. These include the following important publications:

- NJC Guidance notes on the implementation of a range of NAECI clauses.

- A comprehensive Guide to NAECI Payments to assist managers, trades unions and especially payroll providers.

The NJC Website also contains other relevant industry information including:

- The short film *"Introducing the NAECI"*.
- A News Archive, listing current NJC publications.
- Links to other industry related external websites.
- A list of current and proposed Major Projects and Repair and Maintenance Sites with location maps.

The NJC has also published, as a free standing booklet, an NJC Guide to Health, Safety and Welfare in the Engineering Construction Industry.



A welder at work (photo courtesy of Fabricom GDF SUEZ)



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