

9<sup>th</sup> January 2024



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Dear Jason,

Thank you for meeting with the Employers' Negotiating team again on 4<sup>th</sup> January 2024, to conclude the NAECI wage negotiations for 2024 and 2025. I think both parties would agree that this set of negotiations, which have been running since early in 2023, have been by far the most challenging in the recent history of our National Agreement, NAECI.

The discussions last week were conducted in a positive and constructive manner with both sides keenly aware of the need to reach an understanding about the outline of a settlement which could head off widespread industrial action and pull the industry back from the brink of chaos and propel it into a harmonious industrial relations landscape.

The lengthy discussions between the two negotiating teams proved fruitful and I believe we have arrived at a point where the signatory trades unions feel able to strongly recommend accepting a Without Prejudice offer.

I am therefore writing to confirm the Without Prejudice offer of:

January 2024 **11.3% INCREASE.**

January 2025 **5.5% INCREASE.**

This Without Prejudice offer is made on the understanding that the trade unions will seek acceptance by their members by no later than 19<sup>th</sup> January 2024 if rates are to be effective from 8<sup>th</sup> January 2024.

There is also a commitment by both parties to support UK Clients and to adhere to the NAECI Grievance procedure and in doing so avoid any unlawful industrial action.

Engineering Construction Industry Association



As per the discussions, if this Without Prejudice offer is rejected by your members it will be withdrawn and the existing formal offer will remain as below:

January 2024 **10% INCREASE**.

January 2025 **5% INCREASE**.

Both the formal and Without Prejudice offers are outstandingly good offers, and they are significantly above the current rate of CPI (November 3.9%). They are also industry leading when compared with settlements being reached in other relevant Agreements in related sectors of construction.

This **Without Prejudice** wage offer of 16.8% over 2 years, plus the other benefits shown below, is significant allowing both parties to look to the future with knowledge that recent high levels of inflation have been addressed and that the NAECI remains the national agreement of choice.

The details of the Without Prejudice offer are shown below.

## **CONTENTS OF THE OFFER**

### **DURATION AND BASE RATE**

#### **A two-year Agreement**

1. 2024 - an 11.3% increase in NAECI hourly rates of pay from 8<sup>th</sup> January 2024, if a positive Ballot outcome is delivered by the 19<sup>th</sup> January 2024.
2. 2024 - an 11.3% increase in radius and accommodation allowances from 8<sup>th</sup> January 2024 (subject to HMRC approval).
3. 2025 - a 5.5% increase in NAECI hourly rates of pay, from 6<sup>th</sup> January 2025
4. 2025 - a 5.5% increase in radius and accommodation allowances, from 6<sup>th</sup> January 2025 (subject to HMRC approval).

*In the event that, UK inflation between September and November 2024 inclusive, as an average of the three months, increases by 3% more than the rate of increase agreed for 2025 (i.e.: 5.5%+3%=8.5%), the unions may make representations to the employers through the NJC to discuss the current position of the NAECI vs the prevailing economic conditions.*

In addition, we offer:

1. To increase Sickness and Accident Benefit by £30 per week from 8<sup>th</sup> January 2024 (see table below).
2. To further increase Sickness and Accident Benefit by another £30 per week from 6<sup>th</sup> January 2025 (see table below).

|                                             | From 8th January 2024 | From 6th January 2025 |
|---------------------------------------------|-----------------------|-----------------------|
| <b>Weekly Sickness and Accident Benefit</b> |                       |                       |
| Weeks 2-14                                  | £162                  | £192                  |
| Weeks 15-27                                 |                       |                       |
| -Grades 1-3                                 | £162                  | £192                  |
| -Grades 4-6                                 | £259.60               | £289.60               |

3. To increase the value of the London Supplement (NAECI 9.3b) by £20 per night, increasing it from £10.40 to £30.40 from 8<sup>th</sup> January 2024
4. To introduce a “London Rate” enhancement, for hours worked on Categorised sites within the M25 from 8<sup>th</sup> January 2024. The value of the London rate will be £1.00 per hour above each published NAECI grade rate.
5. To mandate within NAECI the extension of Welfare Benefits provision to on-site apprentices from 8<sup>th</sup> January 2024.
6. To engage with you, after agreeing and implementing the settlement of your claim, in two joint working parties (chaired by the NJC) to consider:
  - a) The important issues of continuous professional development of the industry’s existing workforce. This will also include discussions about skill shortages and about how to attract additional people to come and work in the Engineering Construction Industry.
  - b) The important issues of productivity and incentivisation.
7. To undertake research to establish a better understanding of the current positions of our member companies regarding employer and employee pension contributions. The output of this research will help inform a future discussion, in the next set of wage negotiations, about a strategy for pension provision for the NAECI workforce.

**Conditions of this without Prejudice Offer:**

This offer is the Employers’ last response to the NECC Wages and Condition Claim for 2024 and 2025. The above Wages and Conditions Offer is subject to the following conditions:

- This Wages and Conditions Offer shall be treated as a single, indivisible package, to be accepted or rejected in its entirety, without qualification or amendment.
- Trades unions will strongly recommend the acceptance of this offer to their memberships.
- The late implementation date of this agreement due to the ongoing protracted negotiations, means if there is not agreement forthcoming by the 19<sup>th</sup> January, there is no possibility of backdating pay due to numerous practical and contractual reasons.
- The trades unions shall confirm in writing their members' final and binding acceptance of this package no later than 12.00 noon on 19<sup>th</sup> January 2024.
- With the sole exception of the precise circumstances defined above, there will be no further improvements in the rates, allowances or any other terms and conditions of the Agreement beyond those specifically detailed above prior to 5th January 2026.

We believe that this generous offer comprehensively addresses all claims in respect of both recent and current cost of living pressures and the repeated claims for "rate restoration". We also hope that the proposed significant increases to grade rates will act as a beacon to attract more new entrants to work within this industry.

Your acceptance of this offer would send a positive message, to the industry's stakeholders, of our continued support of NAECl as the only vehicle able to bring industrial relations stability to the UK engineering construction industry.

If you require any points of clarification regarding this offer, please let me know.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'John Simpson', written in a cursive style with a large loop at the end.

John Simpson

ECIA Managing Director

CC Jock Simpson, Executive Chair NJC  
Charlotte Brumpton-Childs, National Officer, GMB