

NAECI -2022 and beyond

Engineering construction workers have continued to support our communities during the Covid-19 crisis. Workers have adapted to new methods of work, rigorous safety requirements and collectively ensured that sites remain open allowing the industry to maintain production and complete projects. They have provided an essential service to support the delivery of major projects, maintain critical timelines of jobs, and continued innovating workplaces so that they could continue in a safe and secure environment. Their unrivalled commitment to their sector cannot be understated or unrewarded.

They are indeed key workers and should be treated as such by employers in response to their pay and conditions claim. On a daily basis, our members continue to put themselves into harm's way and it is just and right that their contribution to the national effort against Covid-19 is recognised. Our members have built and maintained critical national infrastructure required to support the response to the pandemic and continued to ensure projects remain on track, responding brilliantly to an extremely perilous situation.

The Covid-19 crisis has shown that engineering construction workers are an invaluable resource to the industry and communities they serve. These workers have been the unsung heroes of our communities for far too long and they deserve better pay and working conditions. The trade union side is clear that now is the time to further develop an industrial agreement with pay, terms and conditions that respect the ability, resourcefulness and skills of the workers therein.

Economic outlook (Construction)

- Construction **output grew by 1.6% in the month-on-month all work series in February 2021**, because of a 1.5% increase in new work and 1.9% increase in repair and maintenance; this was the highest monthly growth in all work since September 2020 when it grew by 1.8%.
- The monthly increase in new work (1.5%) in February 2021 the largest contributor to this growth was private commercial new work, which grew by 4.0%.
- The monthly increase in repair and maintenance (1.9%) in February 2021 was because of growth in private and non-housing repair and maintenance, which grew by 4.7% and 2.6% respectively, offsetting the 8.6% fall in public housing repair and maintenance.

Construction sector projections

- **Construction output expected to rise 14% in 2021 and 4.9% in 2022.**
- **For public housing, a backlog of cladding work is expected to drive activity in RM&I in 2021 and 2022 as the Building Safety Programme moves beyond the removal of Aluminium Composite Material.**
- **Projects have been able to effectively enact safe operating procedures given the sector's large construction sites that have fewer different trades mixing than in most sectors. As such, infrastructure has been least-affected by Covid restrictions and output is expected to lift the whole industry over 2021 and 2022.**
- **Main works on HS2, Europe's largest construction project, along with offshore wind and nuclear projects are expected to be the main drivers of activity**

UK Government Policy/Investment – Build Back Better

- **The UK government infrastructure and construction pipeline identifies 340 procurement contracts across over 260 projects, programmes and other investments. It also sets out procurements with an estimated contract value of up to £37 billion over the next year.**
- **The UK Government Infrastructure and Construction Pipeline is dominated by investment in energy (£201 billion planned investment, 43% of the total) and transport (£141 billion, 30% of investment).**
- **Construction output across infrastructure projects is 8% higher in January 2021 than in February 2020, prior to the Coronavirus pandemic.**
- **The government stated investment policy is committed to investing in the engines of growth and revitalising towns. Projects to achieve this aim include: £4.2 billion of intra-city transport settlements for city regions (outside of London); new green growth clusters in traditional industrial areas;**

Infrastructure

There is huge infrastructure investment in the pipeline that will create sustainable jobs for skilled workers and provide opportunities for apprenticeships and training. It should also be noted that the development of public policies supporting a new green deal will place a high premium on the construction skills to assist in the delivery of energy efficiency and clean forms of energy that will be utilised as we progress towards a low carbon economy and society. The change will impact on us all, and provide many opportunities for the engineering construction sector throughout.

Transport, energy and green infrastructure capability projects are likely to be most prominent in this targeted investment with a reliance on the construction sector to deliver. Therefore the outlook and demand for a skilled workforce in engineering construction will remain a key economic priority. The expected investment of £660bn in the sector in the

next decade, likely to increase due to the much needed investment to support the infrastructure necessary to enable a transition to Net Zero by 2050, places a premium on the skills of engineering construction members.

New investment to deliver our economic response to Net Zero and the new green deal focused on decarbonizing our economy will place increasing demand on the skills and upskilling of technical capabilities among the engineering construction workforce. In terms of new energy transition the requirement of construction projects is certain, granting opportunities for companies in the sector.

The Trade Union side demands that a purposeful and relevant national agreement is central in shaping this exciting future for both the existing workforce and those embarking on their journey into our industry through apprenticeships.

In December 2020, the UK government published an Energy White Paper setting out specific steps it will take over the next decade to cut emissions from industry, transport and buildings. There will be significant opportunities for the engineering construction industry to play its role in meeting targets, including:

- Major projects for **power generation, carbon capture storage, and hydrogen, as well as retrofitting homes for improved energy efficiency.**
- A commitment to **deliver 40GW of offshore wind by 2030, including 1GW of floating wind.**
- Investing **£1 billion in carbon capture storage in four industrial clusters by 2030.**
- A delivery target of **5GW of energy from hydrogen production by 2030, backed up by a new £240m Hydrogen Fund for low carbon hydrogen production.**
- Investing **£1.3 billion to accelerate the rollout of charge points for electric vehicles and up to £1 billion to support the electrification of cars and mass-production of batteries.**
- **Exploring financing options for new nuclear, including the [Regulated Asset Base](#) funding model and specific government finance during construction.**
- There is also an ambition to invest in at least one nuclear power plant by the end of this Parliament, at Sizewell C or elsewhere.

New Hydrogen Plants and Freeports

The UK government policy of creating Freeport areas across England (Wales and Scotland also to follow) is resulting in an expansion of planning for infrastructure projects required to develop these areas. Plans are already in place to invest in engineering construction projects that should be delivered through the NAECI agreement. These potential projects also highlight the need to maintain the skills of the engineering construction workforce to enable the delivery of decarbonisation infrastructure projects required as the economy transitions to Net Zero.

- The Humber is talking about hydrogen at the H2H Saltend Blue hydrogen project. <https://www.equinor.com/en/what-we-do/h2hsaltend.html>
- The Tees has had the announcement of investment into a new GE Wind Turbine facility and Net Zero Teesside which includes a CCGT+CCS facility, fertilizer plant +CCS, & a bio-waste and power plant +CCS to add to the existing Blue Hydrogen

generation and distribution facility. <https://ukccsrc.ac.uk/wp-content/uploads/2020/07/Tees-Valley-16072020.pdf>

<https://www.spglobal.com/platts/en/market-insights/latest-news/electric-power/031821-bp-studies-building-uks-biggest-blue-hydrogen-plant-on-teesside>

- The Solent talks about hydrogen generation and on the Isle of White they are talking about powering the island line with solar power to build the first zero carbon rail network powered by solar energy. <https://onthewight.com/world-first-project-powering-railways-with-renewable-energy-being-developed-on-the-isle-of-wight/>

And there is a Hydrogen hub project in the Solent area too <http://www.infrastructure-intelligence.com/article/dec-2020/southampton-targeted-flag-ship-hydrogen-hub-south>

- Liverpool is talking about the creation of Blue Hydrogen with possible tie in to the Hynet Project and Cadent Gas (owners of half the Natural Gas distribution network in the UK). <https://www.liverpoolecho.co.uk/news/business/massive-hydrogen-plant-planned-banks-14641049>

Essar Oil UK, and Progressive Energy have already announced plans to invest **£750m to manufacture hydrogen at the refinery for use across the HyNet region to provide Essar Oil UK with low carbon hydrogen to decarbonise its own energy demand in addition to creating a hydrogen economy across North West England and North East Wales**. Natural gas, and fuel gases from the refinery, will be converted into low carbon hydrogen, with carbon dioxide captured and stored offshore in sub-surface reservoirs in Liverpool Bay¹. (CCUS)

- Freeport East is talking about Nuclear to Hydrogen and wind via Lowestoft. <https://www.businessgreen.com/news/2435559/scottishpower-and-rwe-plough-millions-into-lowestoft-offshore-wind-port> Lowestoft is already the Operations and Maintenance base for the East Anglia One offshore wind farm which opened at the tail end of 2019 whilst East Anglia One is being built. East Anglia Two and Three are currently under consultation. But there are also two other wind farms just 14 miles off the coast.

Economic conditions

The economic impact of Covid has arguably harmed every sector of the economy. Engineering construction was no different, as the pandemic hit, the industry suffered a major downturn. However, there is reasons for optimism in the sector concerning the future. The latest ONS data report for the sector monthly construction output grew by 1.9% in November 2020 compared with October 2020, rising to £14,014 million. The monthly growth in November 2020 is the seventh consecutive month of growth since the record monthly decline in April 2020. All work construction output in November 2020 recovered above its pre-pandemic level for the first time, at 0.6% (£80 million) above the February 2020 level.

¹ <https://www.essar.com/essar-and-progressive-energy-join-forces-to-deliver-the-uks-first-low-carbon-hydrogen-production-hub/>

The sector is considered of strategic importance by the government and the infrastructure and construction pipeline identifies between £29 billion and £37 billion of contracts across economic and social infrastructure will be brought to market in 2021.

The day to day costs of living continue to have an impact upon workers financial wellbeing. Latest figures show that despite the overall fall in inflation, ten of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than 1.4%.

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Broad Categories	% annual increase
Tobacco	5.8
Fares and other travel costs	4.8
Leisure goods	4.4
Clothing and footwear	4.0
Household goods	3.2
Housing	2.6
Household services	2.2
Personal goods and services	2.0
Leisure services	2.0
Catering	1.5
Alcoholic drink	0.7
Food	-0.6
Motoring expenditure	-1.1
Fuel and light	-8.9

NECC – April 2021 – Skills, competence and apprenticeships

The ECITB 2020-22 strategy initially identified four key drivers for change, with the subsequent year 1 review and update of the strategy published in January 2021 reaffirming these, and adding a fifth around preparation for net zero:

- **Competition for skills** – Multi-billion UK infrastructure investment across the construction process, coupled with the impacts of Brexit and a decrease in non-UK labour.
- **Industry 4.0** – New and emerging technologies, automation, digitalisation and enhancing industry skills sets required for delivery.
- **Demographic change** – With an estimated 14 per cent of the UK Engineering Construction workforce forecasted to retire by 2026, the ECITB state that: "*These workers will need to be replaced with the next generation of young, diverse talent*".
- **Preparing for net zero** – The skills of the Engineering Construction workforce will be at the forefront of enabling net zero emissions by 2050 (2045 in Scotland).
- **Competent workforce** – The strategy identifies that: "*Ensuring the workforce is safe, productive and has transferable skills is critical to the success of the ECI and the wider economy*".

The NECC sees investment in skills and apprentices as being critical for the future success of UK plant and infrastructure, indeed the industry has a moral obligation to do so for the wellbeing of the society it serves, including providing skilled and rewarding career opportunities for the young as the UK resets and rebuilds out of the pandemic. The year 1

review and update identifies 1,505 ECITB apprentices in training within the industry. Considering the factors identified above, not least in increased competition for labour from other areas of infrastructure within British industry, the Engineering Construction project pipeline including net zero targets, and an ageing demographic, this is clearly not enough to sustain the skilled workforce levels required moving forward.

Significant incentives, funding and support exist to assist employers and clients for investment in apprenticeships and skills:

- ECITB levy, grants and funding (including financial support for help in employing apprentices and the ECITB “Train to Retain” scheme).
- The Apprenticeship Levy (Apprenticeship levy-payers can now transfer a maximum amount of 25% of their annual funds, and make transfers from their apprenticeship account to as many employers as they choose).
- Significant apprentice recruitment grants in the four nations (e.g. in England employers will receive £3,000 for each new apprentice of any age who join their organisation from 1st April 2021 to 30th September 2021. The incentive payment is in addition to the £1,000 employers already receive for hiring an apprentice who is aged 16 to 18 years old, or under 25 with an Education, Health and Care Plan (EHCP) or who has been in the care of their local authority. These grants also apply to recruiting displaced apprentices. In Scotland, Apprentice Employer Grants (AEG), Employer Recruitment Incentives (ERIs) and the “Adopt an Apprentice” scheme are available under Skills Development Scotland). Furthermore, in Wales businesses can claim up to £4,000 for each new apprentice they hire under the age of 25. These incentives are in addition to ECITB apprentice grant support and government / apprenticeship levy funding for training and assessment
- Lifetime Skills Guarantee – In England, free courses and qualifications for adults (19+) studying for their first Level 3 qualification, inclusive of the bulk of the full suites of Level 3 qualifications available from the ECITB awarding organisation, and allied EAL and City & Guilds awarding body qualifications:
<https://www.gov.uk/government/publications/find-a-free-level-3-qualification>

The NECC proposes:

- Meaningful ratios of apprentices to craftspeople to be incorporated into the National Agreement.
- To assist the above, when considering cyclical and shorter term jobs and projects, the industry to revive the NASEC (National Apprenticeship Scheme for Engineering Construction), under an industry and ECITB governed GTA (Group Training Association) / Shared Apprenticeship Scheme model, maximising apprenticeship opportunities for young people.
- ACE (Assuring Competence in Engineering Construction) – With increased emphasis on competence across the total UK construction and engineering process, including emanating from Dame Judith Hackitt’s review following the devastating events at the Grenfell Tower disaster in 2017, the ACE scheme remains of critical importance for the development and accreditation of competence in the industry. The ACE ISG is now reviewing ACE and Continuing Professional Development of the workforce in cooperation with the ECIA employers, CPCG clients and the NECC National Shop Stewards Forum. The NECC and National Shop Stewards Forum reemphasise their ongoing commitment to the ACE process, and the safeguards identified under NAECI 5.4.5, including no cost to the worker and no threat to the status or employment of an

individual. As outlined in the NECC claim for 2021, the NECC also reiterates the founding principles of ACE including full trade union involvement in the process and agreed appeals structures; unemployed and short-term workers have free and full access to the initiative; regional structures; and opportunities for the workforce to become assessors and verifiers.

- The claim identified the need, regarding NAECI 5.4.5 Competence Assurance, to set up a training fund for the payment of skills competency accreditation, training, certification and renewal (e.g. ACE, CCNSG, LaTS, CISRS, ECS, TICA etc.) recognised under the agreement. Furthermore, initiatives like the new “Lifetime Skills Guarantee” identified above will significantly assist workers without a VQ3 in accessing the ACE process.
- The National Agreement to incorporate opportunities for development within its career structure to develop supervisory grades to recognised and professional occupational standards.

Equalities

The trade union side recognises the gender imbalance the construction sector currently faces.

ONS data shows that only 13.2% of the construction workforce are women and when analysing further only 3.2% of blue-collar workers are women. Women in the workforce is good for business and encouraging women into the sector will be vital in meeting the skills shortage that the industry is facing. We must rise to meet this challenge and therefore we are calling on the employer side to work with the trade union side to address the gender pay-gap, investigate and understand workplace culture that discourages women from entering the industry and to develop processes to aid the recruitment of women and under-represented groups

NAECI Pay Claim 2022 and beyond

Pay

A 10% increase, or RPI, whichever is greater, over the period 2021 to 2023. Any agreed increase will be reflected on Bonus, Lode and radius allowance.

Meal Break and Refreshments – NAECI 7.5

Remove the paragraph on top of page 28 at the end of 7.5 (b)

“The NJC encourages and supports local agreements which provide for the flexible timing of refreshment breaks or which schedule them at the commencement of the day or shift”

Renegotiation of **Travel Time** including airfares (NAECI 9.5) from EU Countries allowing a level playing field which the current two hours travel doesn't allow.

Long Weekends & Periodic Leave

The trade union side proposes an increase in the current provisions of periodic (12) leave weekends to 24 occasions during the year.

Stand Down (Nightshift)

This should not be on a Friday as this is both an unacceptable and unachievable rest period.

Over Time Rate (Nightshift) NAECI 7.3.2 Shift systems, night shift working – not just to be paid for 38 hours. Payment of the overtime rate on the enhanced nightshift rate.



Lodge and Radius

The trade union side demand a revision of the lodging allowance qualifying travel radius to 35 miles.

Enforcement of Stage 4 decisions

The Union side seeks agreement on enforcing stage 4 decisions to member companies unwilling to abide with them. Including safeguards for member companies who go out of business at the end of a contract.

NAECI 9.1 Radius Allowance - Mileage & Tolls - A clear definition of mileage payments (*not to be judged on time or unreasonably withheld*). The trade union side propose that toll payments need to be taken in to account for all jobs.

The trade union side demands that all employers to follow NJC Guidance on **fixed term contracts** unless substantial reason is given and agreed with PJC. Trade Union officers to conduct audits on repair & maintenance sites unless otherwise agreed by both parties.

Safety Glasses – The trade union side proposes a more realistic pricing structure to be negotiated into SPAs and use of vouchers for purchase.

Agreement Clause additions- Safeguarding (Welplan)

- Death in Service - Benefit to be paid up to 12 months following redundancy in line with the TICI National Agreement.
- Mental ill Health- Specific clause required with guidance notes to enhance.
- Sign up to the TUC Dying to Work Campaign. One day course for Mental Health Training /Mental Health Awareness for both management and Shop Stewards.
- Counseling Benefits package to be introduced for members
- **NAECI 5.4.5 Competence Assurance - Employers to set up a training fund** for the payment of skills competency accreditation training, certification and renewal (e.g. ACE ,CCNSG, CISRS, ECS, TICA etc.) recognised under the agreement)

Health Surveillance Clause needs to be addressed. All signatory ECIA companies to be encouraged to cover independent Health Surveillance post acceptance of employment

Wellbeing Facilities Clause needs to be more definitive.

The **agreement** needs to be strengthened in writing by the increase in sign up of employers. Access to be agreed for FTOs and/or Senior Shop Stewards to visit signatory member companies with a view to agreeing registration of work. The trade union side expects **ECIA** to promote registration and the NAECI agreement.

The trade union side proposes that the NJC is made responsible for accountability and enforcement of the ECIA's promotion of NAECI (Agreement and Registration).