

NAECI Pay Claim 2021 and Beyond

Introduction

The NECC and the NAECI stewards' forum welcome the opportunity to present the 2021 pay claim on behalf of our members in the engineering construction sector. The Trade Unions are committed to the national agreement as the principal arrangement to support the completion of in existence projects and the future engineering construction projects which are critical to the growth of the wider UK economy.

With large scale projects currently being delivered and long term repair and maintenance projects supported by our members we put forward the vision of those working in the sector to improve the current pay and conditions to deliver progressive improvements, and to harness, and invest in, the vital skills required to maintain the vitality of engineering construction across the UK.

The NECC is clear that it is only by delivering an agreement and innovative policies that engineering construction will continue to flourish in the U.K. and be attractive as a future career. There is huge economic infrastructure investment planned that must be used to create positivity in the workforce. We also need to embrace the development of a new green industrial deal that will need to be supported by our workforce. Investment in the future skills of the sector remains a critical priority.

Potential changes in labour market conditions in the UK following Brexit will also have a bearing on the state of the engineering construction sector. The opportunities for UK companies may increase as public authorities' procurement models develop and the NECC wants to ensure that UK workers are at the forefront of future projects, so that long term stability and sustainability in employment engulfs the engineering construction sector and the major infrastructure projects it delivers.

Our focus is on a future in this industry that delivers a fair and just economy. This cannot, and will not, be delivered by the continuous undercutting of collectively bargained rates and the failure to support our agreement across major engineering construction projects. This only leads to industrial unrest as workers attempt to defend their hard won pay and conditions in the face of crass exploitation and failure to ensure the categorisation of projects under our agreement by clients and contractors alike.

Economic Conditions

The NECC recognises that Brexit continues to dominate both politically and across the UK economy. It is also impacting upon investment decision making across a number of sectors including projects connected to engineering construction. Despite this a sectoral labour market analysis reported that 41% of those companies surveyed expected to see no impact resulting from Brexit in their continuing operations.¹

Disappointingly, we have seen some major projects mothballed and cancelled but there remains potential for project investment and there are a large number of current projects, increasing the overall number of sites in the industry. The future of the engineering construction sector will see a demand for jobs and skills maintained, with the latest research highlighting the requirement of some 33,000 new entrants into the sector to 2026.² The latest NJC future projects report identifies some 32 potential projects at a combined value of £874m.³ This does not include investment in new nuclear build and any future engineering construction infrastructure projects that will be required to support moves towards a zero carbon economy. Furthermore, in terms of new nuclear build projects the ECIA Labour Market Report 2019 identifies:

'Unlike some countries, which are reversing their nuclear programmes, the British Government, among others, is building new nuclear plants. The UK is now initiating a program of new builds which will partially replace its existing 15 nuclear power plants. Sizewell C is under public consultation, the proposed site for Bradwell B is undergoing preliminary investigation, and when complete, Hinkley Point C will provide 7% of the UK's electricity needs.'⁴

There is a reported £190bn of energy projects in the infrastructure pipeline which will require resources, with over 100 projects and also some £35.4bn being invested in the utilities networks.⁵ There will be both new nuclear and also the impact of the new green industrial deal that is required to transform the U.K. to a zero carbon economy, with expected huge increases in renewables investment. All of these will need to be built and maintained utilising the skills of engineering construction workers.

In terms of pay, it should be noted that the last pay settlement failed to maintain pace with RPI inflation, leaving workers worse off as the cost of a number of the basket of goods that influence these figures grew significantly. When broken down, seven of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than 2.4%.

These included:

- 4.4% rise in the fuel and light group included a 7.6% increase in electricity prices, offset by a 4.4% fall in oil and other fuels.
- Tobacco rose by 5.5% including a 7.0% increase in rolling tobacco.
- Household goods posted an increase of 3.1% including a 5.2% increase in furniture prices.
- Household services rose by 3.1% including a 4.8% increase in telephones, tele messages, etc.
- Leisure services' rose by 4.0% including a 5.1% increase in the cost of UK holidays.
- Catering increased by 3.3% and a 3.4% increase in take-away meals and snacks.

¹ https://www.ecitb.org.uk/wp-content/uploads/2019/03/LMI-2019_LabourMarketOutlook.pdf

² https://www.ecitb.org.uk/wp-content/uploads/2019/03/LMI-2019_LabourMarketOutlook.pdf

³ <https://www.njceci.org.uk/download/potential-projects-30-9-19/?wpdmdl=243&refresh=5db6bd1a4898b1572257050>

⁴ https://www.ecitb.org.uk/wp-content/uploads/2019/03/LMI-2019_LabourMarketOutlook.pdf

⁵ Ibid

- The overall rise in clothing and footwear was 4.8% but included increases of 9.5% for women's clothing and 6.5% for children's clothing.

This pay and conditions settlement needs to be forward thinking and address the need to improve pay and conditions across the sector to ensure the workforce remain and are rewarded for the skills and innovative work that they produce.

Skills

The development of future projects to support UK engineering construction infrastructure will require a fully skilled and integrated workforce. In terms of apprenticeships more needs to be done to supplant the existing workforce and ensure the skills necessary to deliver future projects are readily accessible.

According to the latest available data from the Department for Education regarding apprentices in England, the number of advanced craft apprenticeship starts in the core Engineering Construction disciplines for the 2018/19 academic year (utilising currently available data up until the end of quarter 3) stood at 80 apprentice starts (this includes all learners whether registered on Apprenticeship Frameworks or the new Apprenticeship Standards). In the same 2018/19 academic year up until the end of quarter 3, there were 160 successful craft apprenticeship achievements for the industry within England.⁶

For Scotland, figures published by Skills Development Scotland for the period of April 2018 to the end of March 2019 show a total of 106 Engineering Construction Modern Apprentices in training, with 41 being recruited, and 44 successful apprenticeship completions within that year's timeframe (with of note, a commendable 92% achievement rate).⁷

The NECC trade unions maintain that all industry stakeholders have a responsibility to work collectively in addressing real and imminent specialist skills shortages within the industry. With the combined resource of both the Apprenticeship and ECITB levies at the disposal of industry, rapid action needs to be taken to address the chronic levels of undertraining and low apprenticeship intake with the industry as a matter of urgency.

Too few apprentices are being recruited and trained to replace the ageing skilled workforce, and furthermore too few workers are acquiring the technical and managerial skills required for the industry to get full value from new techniques and technologies through continuing professional development (CPD) funded through the ECITB at no cost to the worker. The NECC believe that the National Agreement also lacks opportunities for development within its career structure to develop supervisory grades to recognised and professional occupational standards.

Ultimately it is the people that make up the Engineering Construction workforce that have the knowledge, experience and specialist skills sets that will be at the forefront of constructing and maintaining high quality engineering and infrastructure plant and systems, inclusive of the delivery of the next generation of the country's low carbon infrastructure projects, which the future success of a post-Brexit UK's economic growth is so dependent upon.

The latest research undertaken by the ECITB presented the following findings:

⁶ <https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships>

⁷ <http://www.skillsdevelopmentscotland.co.uk/publications-statistics/statistics/modern-apprenticeships/?page=1&statisticCategoryId=4&order=date-desc>

- One-third of employers (35%) expect to grow their workforce over the next three years, while only 5% expect it to reduce in size.
- Employers believe the skills gap will stay the same (43%) or get worse (44%) over the next three years.
- More than half of employers (55%) see the ageing and retiring workforce as the main reason for the skills gap. The research shows that 31% of employees are over 50, but only 12% are under 25.
- Women are hugely underrepresented in engineering construction, comprising just 12.5% of the workforce.
- Employers said they found it difficult to recruit because applicants lack the required skills and experience (81%) or don't have the right qualifications for many industry roles (54%).
- Employers also highlighted a competitive market for skilled engineers, with 62% fearing losing recruits to competitors paying higher salaries. This points to ongoing pressures facing many firms to contain labour costs amid fine operating margins. The research found that 61% of apprentices earn less than £15k and 43% of graduates earn between £21 and £25k.
- Just under a third of employers (29%) felt restrictions on freedom of movement after Brexit would make recruitment more difficult, but there was regional variance – 40% of employers in London felt Brexit would make recruitment harder, but 66% of employers in Wales felt Brexit would have no impact on their recruitment.

In terms of the ACE card (and allied skills competency accreditation schemes, i.e. CISRS, JIB/SJIB ECS, TICA etc. within the industry), the NECC reaffirm our commitment to worker competency and skills verification.

The founding principles that brought the ACE scheme into being need to be central to the development of an accessible employer fund to support any training, certification and renewal requirements, ensuring that there is:

- **No cost to the worker**
- **No threat to the status of the worker**
- **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**
- **An opportunity for the workforce to become assessors and verifiers**

The NECC therefore reiterates our demand that there is collective action taken to support an increase in the number of skilled workers ready to undertake the roles associated with the major new energy, nuclear new build, and biomass energy projects is central to the development of the sector. Building this skills capacity will also help ensure a reduction in fragmentation of the sector and supporting an integrated workforce central to future developments.

The Workforce

The NECC remains concerned at the development of engineering construction projects being built outside the national agreement and the failure of clients' procurement policies to support the collective bargaining arrangements in the agreement. We are therefore calling on all stakeholders in our sector; the ECIA, and the NJC, to be supportive of ensuring that



projects are categorised under the agreement and that skilled workers engaged on these sites are protected by the national agreement. Yet again we have found that too many projects are being delivered across U.K. outside the agreement, exploiting posted or migrant workers, and failing to deliver skilled work opportunities in our communities. This must stop and full commitment to the development of our agreement supported by all.

Matters pertaining to the workforce are a key feature of the NECC and National Shop Steward Forum and their concerns are numerous and morale is being continuously eroded; specifically issues raised include:

- **Exploitation of workforce outside national agreement**
- **Dilution of trade union agreements**
- **Workers underpaid and undervalued by their employers**
- **Lack of control or input into work**
- **Poor job security**
- **Communications issues**
- **Unrealistic expectations of the workforce**

We therefore present our claim in anticipation of a realistic appraisal of the conditions within our sector and the demand that collective action is taken to address our points and improvements made that will support the future of the engineering construction industry so vital to our economic future.

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Pay

A 5% increase or RPI whichever is greater inclusive of Bonus, Lodge 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.

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).