



National Engineering Construction Committee

N.E.C.C.

Reviewing the NAECI

Inspiring Excellence in the U.K.
Engineering Construction Industry

NAECI Wages & Conditions Claim
2016 & Beyond

The Future

www.unitetheunion.org
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The NECC and the National Shop Steward's Forum recognise the need for the National Agreement to evolve through meaningful negotiations, consolidating its unique position as the "agreement that challenges and inspires excellence" in the UK Engineering Construction Industry, involving all stakeholders, UK and Global Clients.

The national agreement is acknowledged as the principal agreement for constructing the next generation of UK built environment infrastructure projects, is central to the future delivery of successful energy projects, which are crucial in facilitating the transition of the country's existing energy source to a low carbon economy by 2030 in accordance with UK Government policy.

Not since the industry's last major review of 2001-02, have the trade unions side focussed so much time and effort and resource into developing an "Agenda for Change" based on improving the all-round fabric and productive performance, competitiveness and employment relations throughout the industry.

Our agenda has been open and inclusive through involving Clients, Employers, ECITB and the NJC in our efforts to "shape a better all-round future for the industry", which is unique and progressive.

The NECC are intensely aware of the countless challenges facing the UK engineering construction industry, we maintain that all industry stakeholders have a responsibility to work collectively in addressing these crucial concerns, in particular to potential specialist skills shortages within the industry.

After all it is the UK engineering construction industry workforce who have the knowledge, experience and specialist skills sets that will be at the forefront in constructing the next generation of the country's low carbon environmental infrastructure projects, which the future of the UK's economic growth will be so dependent on.

Industry Overview

The NECC acknowledge since 1981 there has been 178 Major New Build projects completed to date, moreover since the 2001-02 review, 65 projects have been constructed in accordance with Categorisation under the national agreement, along with 10 Categorised Long Term Repair and Maintenance Projects.

The NECC and the National Shop Stewards have examined the recent paper by a group of Repair and Maintenance Clients, both Global and UK based, along with prominent ECIA Member companies, which seeks change to the national agreement. The trade union side having reviewed the proposals are extremely concerned over the long term consequences for our membership working on these projects under the national agreement, as we contend the national agreement has the adaptability to respond and deliver on such projects.

The trade union side consider it is essential for our client and employer colleagues to understand the need for an "efficient working environment" to be achieved; delivering successful improvement relating to "Industry Productive Performance" which is far wider and more substantial than simply introducing individual incentive bonus schemes on projects.

This can only be achieved through genuine and meaningful negotiations between all the Stakeholders on singular Long Term Repair and Maintenance Projects and also future New Build Projects through local negotiations, ensuring working arrangements are in accordance with the national agreement, improving productivity, competitiveness and employment relations.

Long Term Repair and Maintenance Clients should also examine how their own domestic workforces are structured, involved and organised, only then will they recognise the need to support the innovation of contractors' arrangements, and the potential benefits attainable from these reforms, developing contractors' capacity and quality.

The NECC and the National Shop Stewards Forum are continuously focussing on our Industry and Productive Performance listening to contributions from clients, contractors and others. The NECC are committed to contributing to this important subject, and in addition we advocate NAECI 19.3 (d) & (e) essentially need to be reviewed by combining the principles of NJC Guidance Note (10)02 into the agreement, thus providing the parties with a mechanism to resolve issues prior to any Incentivised Bonus Arrangements being automatically withheld from the workforce.

The trade unions' side maintain all the stakeholders must "go back to basics to deliver best practice through effective and efficient work place engagement, will result in long term sustainable performance improvement" on all Categorised and National Guaranteed projects, from the same standpoint as other industries who have achieved significant productivity gains and improvements.

The 2012 Engineering Construction Forum review, highlighted that the Engineering Construction Industry is a "People and Skills Industry", endorsing the trade union sides position that there is still not enough recognition given to engaging with the project(s) workforce of buying into "What Success Looks Like". With this in mind, the trade unions believe that all industry stakeholders now have the opportunity, through their significant industrial experience and in-depth knowledge of working in the industry, to establish structures for effective communication and meaningful employee engagement, to achieve a positive step change in productive performance improvements.

The NECC believe the advancement of new technologies in Design and Planning (Computerised Aided Design 3D Models) should benefit those "down line" in terms of job planning and labour deployment, which will assist in delivering industry productive performance through continuity of workflow for clients, contractors and the workforce. Consequently "...it is vital that sufficient time is allowed for front-end planning and detailed resource loaded scheduling to be completed".

¹ UK Defence Statistics 2011.

² ADS - UK Defence Survey 2011.

³ Rest of the World - Middle East, Brazil, South-East Asia and India.

NECC proposals for improved industry performance:

- The introduction of a “new Supervisory structure” and grade for front line management, which would have an emphasis not only on “technical” skills but also communication and motivational skills to create a “teamwork productive approach” addressing the issues of effective supervisory management, which is essential to success and ensuring performance improvement.
- The trade union side recognise front line management is fundamental and must be linked to the Technicians and Team Leader structure and integrated Team working concept. No response on Team Leader and Supervision restricts any opportunity of success.
- The introduction of integrated teams based on tackling the construction requirements of the project by structuring the teams on appropriate skills and competence requirements related to the project work.
- The sectionalising of the project will provide opportunities for integrated specialist skill teams to effectively influence progress of each section allocated. Sectionalising the project is more easily measured, problems are identified, and appropriate levels of labour deployed more efficiently.
- Effective Work Planning to be carried out on an inclusive basis with the workforce. Essential to this is workflow and material distribution requirements being effectively organised.
- A linking of job / project design to the job / work planning process can deliver much improved productive performance enabling the removal of genuine obstacles to improved productive performance.

The trade union side recognise effective training is a vital and necessary factor in developing the concept described above. The industry requires change encompassing new mechanisms and methods which essentially involve all the Industry Stakeholders and training providers to impact on the potential specialists’ skills shortage and ageing workforce in the UK Engineering Construction Industry.

The NECC believe improved Industry Productive Performance does not depend on responses from the workforce alone. The trade union side are not prepared to return to the old fashioned bonus schemes of the past which proved to be inefficient, bureaucratic and expensive to administer. We believe our approach as outlined can be the driving force by which gains can be obtained and shared by all **IF THE CORRECT WORKING ENVIRONMENT IS ESTABLISHED.**

The NECC and the National Shop Stewards Forum are also mindful of the Engineering Construction Forum Review “Changing to Compete” section 7, Site Supervision, states: **“A key component needed for success is the deployment of experienced and qualified supervision in appropriate numbers to plan and manage the work”.**

The WORKFORCE

Throughout the last two wage negotiations the NECC have warned of the increase in industrial relations unrest and the industry being at the crossroads.

Only the determined hard work of the trade unions and the efforts of our experienced long term shop stewards have prevented a potential disintegration of industrial relations stability across the Engineering Construction Industry at project level.

Moreover, the NECC are not at all complacent about the threat to stable labour relations in this important industry, in delivering the next generation of low carbon energy projects on which the rest of the UK economy is dependent.

The NECC believe that all is not well within the ranks of the industry’s workforce, and consider that workforce perceptions are often overlooked:-

- They feel alienated / do not feel part of an industry with any status or concern for them
- Are underpaid and undervalued by their employers
- Expected to produce a high-skill requirement
- Expected to work in an often unpleasant and arduous environment
- Not communicated with effectively at any level
- Have little or no opportunity to intellectually contribute to work or job planning. A factor impacting on motivation and job satisfaction
- Enjoy few benefits such as realistic welfare benefits or pensions comparable to those “overseeing the industry”
- Have to work away from home with major problems regarding accommodation costs and travel
- Have very poor prospects of job security and are hired and fired

The NECC make no apology for such a grim and depressing analysis of the **“PERCEPTIONS”** of the Industry workforce.

Over many years the NECC have witnessed numerous Clients and Contractors moving away from embracing our industry’s national agreement, instead developing their own Stand Alone Project Agreements, whilst numerous ECIA member companies have mirrored the national agreement pay structure and allowances. This parallel approach knowingly and unhelpfully impacts negatively upon the core values of the national agreement, resulting in our members being denied access to the industry dispute machinery.

Consequently the trade union side seek further discussions with the ECIA and all industry stakeholders in relation to bringing all in-scope work back under the auspices of the NJC through registration of work. Additionally, the industry as a whole must ensure that the employees’ specialist skills sets are properly recognised and validated through registration on existing and all future NAECI Projects with the National Joint Council and associated bodies. The industry Stakeholders require a highly specialised skilled workforce who have the knowledge, experience and understanding required to carry out their roles effectively, efficiently and safely, ensuring a high level of productivity is constantly maintained.

The NECC believe only by facing the facts, however unpalatable, can we together change the culture.

The NECC feel our analysis is substantiated by the increase in “unofficial stoppages of work” in recent years threatening future investment and prosperity. This factor of volatility inevitably unnerves clients, threatening long term investment, and the ability to construct projects “on time and within budget”. Consequently we all have a responsibility to tackle the underlying issues and causes of this volatility on behalf of the industry.

The NECC for that reason believe that now is the time to Change the Culture

CHANGING THE CULTURE

The NECC review and consultation have focused upon some central tenets:-

- **CONSTRUCTION NEEDS CONTINUOUS INVESTMENT**
- **CLIENTS (INVESTORS) NEED CERTAINTY**
- **ADVERSARIAL INDUSTRIAL RELATIONS OFFER NO LONG TERM GAINS**
- **A NEED TO STREAMLINE THE INDUSTRY EMPLOYMENT REWARDS, IMPROVE PRODUCTIVE PERFORMANCE AND MEET ALL NECESSARY PRESENT REQUIREMENTS,**

Changing the Culture, the NECC believe we must draw a line and reassess the basics of our industry, in doing so we refer to the Best Practice and Standards on the two projects below as examples of what we can all achieve:-

- Novartis B150 SP1000
- Pembroke Power Station

Active engagement with the trade unions along with the utilisation of NAECI C.2 **NECC Accredited Shop Stewards** has definitely raised the industry standards in delivering these two projects on time and within budget for the respective clients.

Our Pay & Conditions Claim

The NECC acknowledges for the UK Engineering Construction Industry to be recognised as a World Leader in the Power Generation sector, with the UK moving forward in its transition to a low carbon economy, together the parties need to develop a ten year strategic plan.

Only through long term planning for the future will the UK Engineering Construction Industry secure long term industrial relations stability throughout the industry.

This strategic approach must involve all the Stakeholders, in relation to securing and delivering long term investment in People and Employment security which is so essential in attracting the next generation of specialist skilled workers into the industry.

The NECC Calls for:-

- A Substantial increase in the hourly rate of pay with the same percentage increase to cover all other allowances (Radius, Accommodation Allowance, Welders Proficiency Pay, etc.)
- A 4 hour reduction in the basic working week from 38 hours to 34 hours along with moving to a four day working week NAECI 7.1 C, over an agreed ten year period with no loss in earnings at the time of the phased reduction.
- NAECI 19, Consolidation of the 60 pence fixed element / pro rata per grade into the hourly rate
- Redefining the definition of NAECI 18, Categorisation, ensuring all future energy projects are categorised, interrelated to a megawatt capacity involving a new pay structure on the next generation of Low Carbon Environmental Projects
- NAECI 16.5 (a) & (b) Contractual Severance Payment & Appendix A7 C and Statutory Redundancy Pay, we seek an increase in the current legislative payment level to the equivalent of the Basic weekly wage for those of two years and more company service, those with less in line with the 103 weeks calculation on a pro rata basis to the basic weekly wage and to coincide with future annual pay increases.
- A revision to NAECI 8.2(a), Paid Inductions when they are held over a weekend at the appropriate Rate A or B
- A revision of NAECI 10, Holidays with Pay based on Normal earnings inclusive of overtime premium
- A revision of NAECI 11.3 and A7(b) Welplan Limited: Benefits schedule 1-3 along with extending the current arrangement from 8 weeks to 52 weeks for Death Benefit entitlement, and a new addition to include Terminal Illness. Also for the Permanent and Total Disablement Payment to be increased to 3 times the individuals annual salary after twelve months.

- A revision to NAECI 11.4 (a), amend the wording to read as follows:-

2nd paragraph after; In the event of the death of the parent of a spouse, civil partner, child, parent, or sibling, insert **(in-laws and grandparents.) up to 10 days paid leave will be granted**

3rd paragraph after; In the event of the death of the parent of a spouse or civil parent up to 3 days leave may be granted. Insert **(up to 5 days leave will be granted.)**

In addition and notwithstanding our current mandate for the current Wages & Conditions claim the NECC are seeking a review covering the following sections of the national agreement:-

- An additional clause to NAECI 1.6.2 (a) Tool Allowance. The employer will provide on a free (returnable) basis such tools as required to undertake the work in hand.
- A clearer interpretation of NAECI 5.4.2 (d), moving between Grades 2 and 3
- A working Party on Scaffolders Working in the Engineering Construction Industry NAECI 5.4.3, the lead authority being CISRS
- A clearer interpretation of NAECI 9.2, of where Travel ends and Accommodation Allowance commences including an additional (NAECI 9.1) Radius Allowance band 35 miles to 44 miles with Accommodation Allowance paid on receipts after 45 miles travel.
- A review of NAECI 19.3 (d) & (e), specifically to incorporate the NJC Guidance Note (10)02 into the agreement identifying the reasons why the short cessation occurred and access to the NAECI Procedures prior to any IBA deduction occurring
- Part 3 Appendix G 2 Early Action, a new bullet point, whilst it is a requirement that all new non-UK contractors must be in membership of the ECIA. Additional sentence: **It is an essential requirement that for the first two years of membership of the ECIA, the company payroll must be administered through the project auditor, or alternatively with the joint agreement of the PJC Joint Chairs, a nominated UK payroll provider, thereby ensuring NAECI compliance whilst working on in scope work**

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Kenny Smith	– Unite	Albie McGuigan	– GMB
Meurig Thomas	– Unite	Brendan Stack	– GMB
Chris Weldon	– Unite		



⁸ The Destinations of the Defence Pound, Trevor Taylor and John Louth at www.rusi.org

¹² Science, technology, engineering and maths.