

14<sup>th</sup> February 2012

### **NAECI 2012/2013 WAGE REVIEW**

The Parties met today to discuss the review of NAECI 2012/2013. The NECC formally presented their claim for 2013, with their supporting arguments. The employers gave an overview in response but said that they would take it to the ECIA Council on Tuesday 21<sup>st</sup> February for consideration. A further meeting is scheduled for Wednesday 29<sup>th</sup> February. A copy of the NECC Wages & Conditions Review 2013 can be viewed below.

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**National Engineering  
Construction Committee**

# **NAECI**

## Wages & Conditions Review 2013





# National Agreement for the Engineering Construction Industry Wages & Conditions Review 2013

**The National Engineering Construction Committee (NECC) and the National Shop Stewards Forum welcome the start of the review into the provisions of the NAECI**

## **Introduction**

The NECC firmly believe that the NAECI is the only viable framework for ensuring industrial relations stability in the UK engineering construction industry.

Furthermore the NECC remain committed to the forum that the NAECI provides for ongoing dialogue between industry and the workforce. Such dialogue is crucial for the long term stability of the UK engineering construction industry.

Indeed the NECC are in full agreement with the core recommendation of the Gibson Review that, “contractors, unions and the workforce should work together to ensure good industrial relations across the industry through dialogue and by building trust on all sites”.<sup>1</sup>

The NECC are mindful of the work we have all put in to maintain and develop the NAECI since 1981. We would not want to contemplate how the industry might have developed if all stakeholders had not made a firm commitment to build a robust labour relations framework, for the mutual benefit of all involved.

The NECC are astutely aware of the many challenges facing the UK engineering construction industry and believe that all stakeholders have an obligation to work collectively to meet these challenges going forward.

It is after all the UK engineering construction industry which will provide the infrastructure on which future UK economic growth will be built.

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<sup>1</sup> Changing to Compete, Review of Productivity and Skills in UK Engineering Construction – December 2009

## **Industry Overview**

Even the most casual observer of UK economic and political debate could not fail to appreciate the increasing importance of future UK energy generation.

The NECC are particularly mindful of the fact that the UK Government faces a number of European Union (EU) Directives which will drive the obligation to remove carbon emissions from energy generation, resulting in the closure of fossil fuelled plants and the need to replace these with a range of compliant power stations.

Progressive governments will have tough choices to make as they seek to balance these obligations whilst at the same time providing a stable foundation for economic growth, and of course attempt to reduce energy price inflation which is having an increasingly detrimental impact on energy intensive users in the wider UK economy and manufacturing base.

In examining such developments the NECC note with interest that the allocated capital budget of the Department of Energy and Climate Change (DECC) is set to increase from £1.7 billion in 2010 to £2.7 billion in 2015.

Such an increase is even more noteworthy when we consider the austerity measures being applied elsewhere and clearly demonstrates the significance of the energy sector going forward.

Operatives engaged in the UK engineering construction industry will be at the forefront of delivering the future infrastructure developments in the energy sector.

Alongside nuclear new build and decommissioning, the UK engineering construction industry will also be expected to deliver the infrastructure developments required for a range of power generating facilities incorporating new technology, not least in biomass and carbon capture.

The NECC strongly believe that the UK engineering construction industry must strive to ensure that it derives the maximum benefit from the future levels of infrastructure investment.

Every possible effort needs to be made to ensure that the UK engineering construction industry provides an attractive and stable working environment that will recruit and retain the most highly skilled workers in sufficient numbers to ensure that all industry stakeholders benefit from future output growth.

The NECC believe that only the ongoing development of the NAECI will enable the UK engineering construction industry to provide such an environment.

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## **Pay Settlement Analysis**

Contrary to the modern myth that the UK economy is rife with pay freezes and short time working, recent intelligence suggests that those employers who recognise the importance of retaining a skilled workforce are taking the appropriate steps.

We might consider for example that the 10,000 workers employed by member companies of the Offshore Contractors Association received an average earnings increase of 4.04% backdated to April 2011, whilst 4,500 manual workers at Bombardier Aerospace received a 2.5% increase in January 2012.

The NECC understands that the median pay settlement level in the UK economy currently stands at 2.5%.<sup>2</sup>

## **Inflation**

In order to ensure the long term supply and retention of skilled workers in the UK engineering construction industry, the NECC strongly believe that operatives must see their income increasing in real terms.

For this purpose it is clearly necessary to consider current developments in inflation. The NECC have noted that in the year to December 2011 the Retail Prices Index (RPI) measure of inflation was 4.8%.

The NECC are equally mindful of future forecasts and of the impact that relatively high and sustained inflation is having on the disposable income of the workforce.

Due consideration needs to be given to the fact that current estimates put RPI at 3.4% by the first quarter of 2013.<sup>3</sup>

## **The Pay & Conditions Claim**

The NECC believe that the current levels of demand in the UK engineering construction sector will secure long term stability for the industry. The ongoing commitment of the skilled workforce is essential to this stability.

In addition and notwithstanding our current mandated position for the current review the NECC are seeking the agreement of the ECIA to consider.

- A substantial increase in the basic rate.
- Consolidation of the IBA payment into the hourly rate.
- The removal of the National Guaranteed Rates and all future work to be categorised (NAECI 6.2)
- An increase in the Annual Holiday Entitlement (NAECI 10.1)
- A revision of the Radius Allowance (NAECI 9.1) to account for the actual distance travelled.
- A revision of the Accommodation Allowance (NAECI 9.2)

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<sup>2</sup> IDS Press Statement 2nd February 2012

<sup>3</sup> IDS Pay Report 1088 – January 2012

- A revision of the Travelling expenses for periodic weekend leave and on commencement, termination and transfer of employment (NAECI 9.4).
- A revision of Severance Payments (NAECI 16.5) (Appendix A7c).
- A Revision of the Rates of pay of During Training (NAECI 8.2) to cater for welders who are required to comply with (NAECI 6.4).
- A Revision to the Pension, Welfare Benefits and Bereavement Leave (NAECI 11) including an increase to the death benefit( linked to threetimes average earnings), accidental death benefit, pension and fringe benefits.
- A revision of the Overtime Rates (Rates 7.4 e,f,) covering rates A and B.

In addition the NECC are seeking the agreement of the ECIA to actively engage in a joint working party to address the following within the life span of this settlement.

- NAECI 3.2 On Skills.
- NAECI 4 On Direct Employment / Employment Business Providers.
- NAECI 5.4.3 Concerning Scaffolders Training.
- NAECI 6.1 A revision in the frequency of Payment of Wages.
- NAECI Part 3 Appendix A 8 Rates of Pay on Categorised Work (A8c (vii), Removal of the word " may" to be replaced by "shall" in elements of the National Agreement.
- Site Transport to and from the car park and welfare village.

**Bernard McAulay** – NECC Secretary

**Phil Whitehurst** – NECC Chair

