

14th December 2022

**COST OF LIVING / CREATIVE SOLUTIONS MEETING:
EMPLOYERS' OFFER**

Delegates of the NJC parties met at length on Monday 12th December to consider a response to the current industry wide concerns over cost of living issues.

An offer, which the trades unions undertook to take back for consultation, was made by the employers and this is detailed in the correspondence attached to this Communique.

14 December 2022

Jason Poulter
National Officer UNITE and
NECC Secretary



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Dear Jason,

Cost of living / creative solutions

The parties to the NAECI met on 12 December 2022, to discuss the exceptional challenges being faced by our industry and those that work within it. Since the employers and unions shook hands on a NAECI settlement for 2022-23, the war in Ukraine and movements within the UK and global economies, have brought cost of living pressures not experienced for a generation.

Cost of living pressures also impact on Engineering Construction employers. Cost increases to materials and energy have brought significant challenges. In previous correspondence, we have outlined the difficulties of commercial contracts tied to published NAECI rates meaning that there is no new money in the commercial contract chain. Whilst some clients may fund the expense of any cost of living pay improvements, the reality is that many contractors will not be able to pass any additional costs to their clients.

We discussed these cost of living pressures along with the unwelcome recent upturn in industrial action on NAECI sites. We acknowledged that the cost of living pressures have directly fed into the campaign to seek increased levels of IBA payments at individual site level. This has resulted in ballots and industrial action at several sites. Such action has caused operational problems for contractors, aggravation for clients and the loss of earnings for many NAECI workers in the run-up to Christmas. It also has the potential to seriously damage the reputation of our National Agreement and discourage both current and prospective clients from choosing to use NAECI for their future work. For the good of our employees, clients and future projects, the current industrial action has to stop. We discussed and agreed on the need to provide stability and assurance to our industry and acknowledge our joint-roles in delivering this during 2023.

The meeting on 12th December was aimed at exploring creative solutions to the current problems. The employers believe that cost of living pressures cannot be eased at a local level. We have a well-established National Agreement and we are, therefore, proposing a national solution to deal with a national problem.

To be clear, we are not re-opening negotiations about wage rates that have already been published. To do so would bring into question the credibility of any future agreement that we reached, with either side feeling that they could re-open negotiations at any point. We are proposing a time-limited, exceptional, payment for these exceptional circumstances, which will sit as a supplement to existing wage rates.

What we are proposing needs to meet the aspirations of all signatories to the Agreement. It also needs to be simple and uncomplicated. This will enable it to be quickly and easily understood, so that employees, contractors and clients can support its implementation and together help move the industry and the NAECI back into a period of stability and success.

This is the background against which our offer is now made.

COL23 supplement and duration

A flat rate COL23 supplement of 75p per hour worked on Categorised sites (Cat 1-3) and “Other Work” registered with the NJC where categorised work rates are paid. This will be applied as a uniform payment across grades 1-6 and apprentices [see table at Appendix 1].

It will be a time-limited supplement, which can be accrued from 9 January 2023 until it expires on 31 December 2023. The COL23 supplement is in addition to the previously agreed wage rate increases that will take effect on 9 January 2023.

The COL23 supplement will accrue and will be retained until the end of the quarterly accrual period. Pay out at the end of the quarterly accrual period (or at the end of employment where the employer terminates the individual’s employment on redundancy grounds) is entirely dependent on there having been no industrial action [see Note 1. below]* (including strikes and action short of a strike) during the accrual period. This will be applied on a “by site” basis i.e. if there has been no industrial action on the site, during the accrual period, then the accrued supplements will be released for payment.

The 75pph is accrued at a uniform rate for all hours worked on Categorised sites (Cat 1-3) and “Other Work” registered with the NJC where categorised work rates are paid. The COL23 supplement attracts no further enhancement for hours worked as overtime or on shift systems.

This offer is subject to there being an end to the recent spate of industrial action. This includes industrial action at local level about IBA levels. We recognize that this was a local initiative aimed at getting more money into the pay packets of NAECI workers. We are now offering a national solution to the same cost of living pressures, and in turn we expect the local action to end. This offer will only stand if the current campaign of site-level industrial action over IBA levels is stopped.

We believe this offer is both fair and reasonable in the circumstances. The offer should be treated as a single indivisible package to be accepted or rejected, in its entirety, without qualification or amendment. There will be no further pay improvements, beyond those detailed above or previously agreed, prior to Monday 8 January 2024.

The offer is made on the basis that the industry’s stakeholders throw their support behind it. We need to work together to promote this offer to bring additional monies to the workforce and to bring industrial relations stability back to our industry. The offer is made on the basis that the unions are prepared to strongly recommend acceptance of the offer to their shop stewards, consultation forums and the workforce at large.

Your acceptance of this offer will send a positive message about the parties' abilities to work together and to show the wider stakeholders our continued strong support for the National Agreement.

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

Yours sincerely

P.P. 

Jim Gibson

Interim Managing Director

ECIA

Note 1. * The employers recognize that lawful official industrial action in relation the NAEI wage claim for 2024 would stand outside this provision.

cc Jock Simpson, Executive Chair, NJC

Charlotte Brumpton-Childs, National Officer, GMB

Appendix 1.

Cost of Living Supplement for 2023 (COL23)

75p p.h.	Per week	Per quarter
@38 hours	£28.50	£370.50
@44 hours	£33.00	£429.00
@55 hours	£41.25	£536.25

	Cat 1-3 2022 Hourly rate	Cat 1-3 2023 hourly rate increase, 2.5% [Previously agreed as part of 2022-23 settlement]	+75p per hour COL23	Total % increase over 2022 hourly rate [2023 hourly rate increase + 75p COL23]
1st year Apprentice	£7.22	£7.40	=£8.15	12.75%
2nd year Apprentice	£9.35	£9.58	=£10.33	10.35%
3rd year Apprentice	£12.11	£12.41	=£13.16	8.65%
4th year Apprentice	£14.58	£14.94	=£15.69	7.6%
Grade 1	£11.60	£11.89	=£12.64	8.9%
Grade 2	£13.31	£13.64	=£14.39	8.17%
Grade 3	£15.12	£15.50	=£16.25	7.48%
Grade 4	£17.89	£18.34	=£19.09	6.7%
Grade 5	£18.64	£19.11	=£19.86	6.55%
Grade 6	£19.42	£19.91	=£20.66	6.39%