

16th November 2012

NAECI 2013 WAGE REVIEW

Following the meeting between the Employers and the Trades Unions on Wednesday 14th November 2012, the Employers confirmed their final offer to the Trades Unions in writing, set out below.

On Friday 16th November 2012 both the NECC and the National Shop Stewards Forum agreed unanimously to recommend the offer to their members at site meetings which will take place during the course of the week commencing Monday 19th November 2012 and concluding by 3pm on Friday 23rd November 2012.

When the outcome of the Trades Union members' consultation is known, details will be posted on the NJC website.

BY E-MAIL & POST

14th November 2012

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Michael Hockey
Managing Director

Dear Bernard,

**REVIEW OF NAECI PAY & CONDITIONS FOR APPLICATION FROM
07/01/13**

Further to the meeting held on Wednesday 14th November to discuss the 2013 NAECI pay and conditions, I am writing to confirm the detailed terms of the employers' final pay and conditions offer which you and your colleagues then agreed to wholeheartedly recommend for acceptance (full details are enclosed).

Given the present market conditions, our industry's low workload and the current and forecast economic data, the employers believe that this offer is the most that the industry can afford. We cannot support any higher increase which could risk future financial investment in our industry, undermine job security and threaten client support of NAECI.

Full details of the financial aspects of our final offer can be found at Attachment 1. As you are aware the three year offer also includes:

**1. A revision of Severance Payments (NAECI 16.5) (Appendix A7c) –
See Attachment 2a**

Timing of NAECI contractual severance payment rates to be aligned with the Government change to the level of the "week's pay" figure.

2. Bereavement Leave – See Attachment 2b

Up to 10 working days bereavement leave may be granted to those employees in receipt of accommodation allowance, in the event of the death of a spouse, civil partner, child parent or sibling.



- 3. A revision of the rates of pay during training (NAECI 8.2) to cater for welders who are required to comply with NAECI 6.4.c – See attachment 2c.**

An individual who has been invited to a welding skills test and who duly: completes the test successfully; accepts the first offer of employment from that employer; commences employment as instructed; and completes the first week of employment, will be entitled to be paid 8 hours at basic rate only (as payment for the time taken for the welding test), when the first week's wages are paid.

- 4. Site Transport to and from the car park and welfare village.**

Guidance note to be agreed and issued by the NJC

- 5. A revision of the Radius Allowance (NAECI 9.1)**

The radius allowance to be increased in line with the increase in basic rate (HMRC to be approached regarding continuation of previously agreed taxation treatment of this allowance).

- 6. A revision of the Accommodation Allowance (NAECI 9.2)**

The accommodation allowance to be increased in line with the increase in basic rate (HMRC to be approached regarding continuation of previously agreed taxation treatment of this allowance).

- 7. Pay rates**

Proposed wage rates for the period Monday 7th January 2013 to Sunday 3rd January 2016 (full details attached)

National Guaranteed Rates will be increased pro rata.

- 8. Sickness and Accident Benefit Working Party**
See attachment 2d.

We offer to participate in a joint working party with you to review NAECI 'sick pay'.

- 9. NAECI Part 3 Appendix A8 (c)vii Incentive Bonus Arrangements on categorised work**

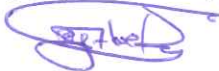
From 5th January 2015 the word "may" to be replaced by "shall":
"Apprentices employed under the NAECI shall be paid in the 3rd year of apprenticeship up to 25% of the incentive bonus payment applicable to Grade 4 (Craft) employees and in the 4th year up to 50%."

We wish to maintain the NAECI as the Agreement of choice for UK Engineering Construction Industry whilst ensuring the competitiveness of the UK-domestic workforce. Acceptance of this offer will help achieve that objective and promote the industry's continued support for our National Agreement.

Consistent with our commitment and support for the present review my colleagues and I remain available to assist you and the NECC in any way that we can during your forthcoming consultation.

This offer is valid for acceptance until 5pm on Tuesday 11th December 2012.

Yours sincerely



Michael J Hockey

cc NECC National Officers
NJC Executive Chairman

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SELECT
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Proposed Wage Rates - Grade 5 Cat 1-3

From Monday 7 January 2013

Categorised Work Rate	Grade 5 employee
Basic Rate / day work	£15.25
Night Shift	£19.28
Afternoon Shift	£17.98
Double Day Shift	
-mornings	£17.69
-afternoons	£18.89
3 Shifts	
-5 day	£18.64
-7 day	£18.89
Rolling Shifts	
-days	£18.29
-nights	£20.12
Overtime	
-Rate 'A'	£21.33
-Rate 'B'	£27.42

From Monday 6 January 2014

Categorised Work Rate	Grade 5 employee
Basic Rate / day work	£15.60
Night Shift	£19.72
Afternoon Shift	£18.39
Double Day Shift	
-mornings	£18.10
-afternoons	£19.33
3 Shifts	
-5 day	£19.07
-7 day	£19.33
Rolling Shifts	
-days	£18.71
-nights	£20.58
Overtime	
-Rate 'A'	£21.82
-Rate 'B'	£28.05

From Monday 5 January 2015

Categorised Work Rate	Grade 5 employee
Basic Rate / day work	£16.10
Night Shift	£20.35
Afternoon Shift	£18.98
Double Day Shift	
-mornings	£18.68
-afternoons	£19.95
3 Shifts	
-5 day	£19.68
-7 day	£19.95
Rolling Shifts	
-days	£19.31
-nights	£21.24
Overtime	
-Rate 'A'	£22.52
-Rate 'B'	£28.95

Amendments to NAECI 16.5 REDUNDANCY PAYMENTS

16.5 REDUNDANCY PAYMENTS

(a) Contractual severance payment

Upon termination of employment because of redundancy a contractual severance payment will be made for each complete week of continuous employment up to a maximum of 103 weeks at the rate in NAECI Appendix A7(c).

The NJC will be responsible for any recalculation of the values and the base data used for the recalculation will be the current statutory cap on a "week's pay" as used in the calculation of Statutory Redundancy Pay.

Following any announcement by the Government of changes to the level of the "week's pay" figure, the NJC will recalculate Contractual severance payment rates and promulgate them. The revised Severance Payments shall be implemented by Employers on either:

(i) The implementation date of the Statutory Payment change;

or

(ii) 4 weeks after the Government announcement of the change, whichever is the latter.

Additional words needed on table at A7 (c)

"NB . These rates may be subject to increase following changes to statutory payment values. The NJC website contains up-to-date information about current values of Contractual severance payments"

Amendments to NAECI 11.4 BEREAVEMENT LEAVE

11.4 BEREAVEMENT LEAVE

(a) Entitlement

Upon application, supported by evidence satisfactory to the employer, up to 5 days bereavement leave may be granted upon the death of a spouse, civil partner, child, parent or sibling.

It is recognized that, for lodging employees, the entitlement outlined above may not be sufficient. Therefore, upon application, supported by evidence satisfactory to the employer, up to 10 working days bereavement leave may be granted to those employees in receipt of accommodation allowance, in the event of the death of a spouse, civil partner, child, parent, or sibling. In these circumstances, employers will give consideration to the payment of an additional standard class return rail fare between the station nearest the site and the employee's place of residence. If the period of bereavement leave includes and/or is attached to a scheduled periodic weekend leave, only one return fare will be payable.

In the event of the death of the parent of a spouse or civil partner up to 3 days leave may be granted.

Where an employee has a special responsibility towards a deceased person in another category of relationship, supported by satisfactory evidence, bereavement leave may also be granted.

Employers should be mindful of the effects of grief upon personal behaviour and should treat sympathetically all applications that meet the conditions laid down above.

(b) Payment for bereavement leave

For each day of bereavement leave so granted the employee will be paid for basic working hours at the appropriate basic hourly rate.

Amendment to Clause 6.4 – PROFICIENCY PAY FOR WELDING

c) Welding skills test

Where a company invites a prospective employee to attend a welding skills test, it should indicate, so far as is reasonably practicable at the time, the likely start-date of the employment to which the test relates. This information should normally be given at the time the company issues the invitation.

The company should make clear that it is supplying a start date for information purposes only, with no contractual commitment.

An individual who has been invited to a welding skills test and who duly: completes the test successfully; accepts the first offer of employment from that employer; commences employment as instructed ; and completes the first week of employment, will be entitled to be paid 8 hours at basic rate only (as payment for the time taken for the welding test), when the first week's wages are paid.

DRAFT - Subject to NCC endorsement

Terms of Reference for a Joint Working Party to review NAECI Weekly Sickness and Accident Benefit provisions

The Parties have agreed to the formation of a working party to:

- (a) To review NAECI provisions relating to weekly sickness and accident benefit, in terms of:
- Weekly values
 - Duration
 - Grade differentials
 - Initial period of non-eligibility
- (b) The working party will consist of an equal number of representatives from both of the parties and will be chaired by a member of the NJC staff.
- (c) The working party will make recommendations for consideration at a future NJC meeting. Any recommendations will need to be agreed by the Parties prior to implementation. The implementation of any recommendations which potentially involve increases in costs for employers will not take effect until the next point there is an increase in NAECI wage rates and in any case a minimum of 6 months notice will need to be given to employers.

Draft - Subject to Public Endorsement