

JIB

For The Electrical Contracting Industry



Wage & Conditions Review 2011

JIB & SJIB for the Electrical Contracting Industry Wages & Conditions Review

Introduction

With members in virtually every sector of the UK economy, Unite is exceptionally mindful of the current economic situation.

Unite believe it is incumbent upon trade unions to work together pragmatically with industry to ensure that those UK based businesses who are set to see an early benefit from the economic upturn are not hindered in doing so by the lack of a skilled and motivated workforce.

The aspirations that Unite have for the workforce employed in the electrical contracting sector are entirely consistent with its growth and for the long term sustainable supply of skilled operatives who can look forward to security of employment.

Covered within the agreement are the terms and conditions of one of the most highly skilled group of operatives in the whole construction process. The built environment and infrastructure the sector serves are vitally important to the UK economy. A point well articulated by the economic consultants LEK, that every £1 invested in construction leads to £2.84 of Gross Domestic Product.¹

Furthermore, alongside their counterparts in the industry, the skilled operatives employed under the agreement will be at the forefront of delivering the required innovation to the built environment infrastructure which will enable the delivery of the Governments commitments on energy efficiency and carbon emissions.

The UK Construction Industry

Few industry commentators would debate the assertion that the UK construction industry has struggled during the economic downturn. In the long term however the recent relative decline must be placed in context.

Whilst output in the sector has declined in the short term this has followed years of continued growth and consolidation in the industry, which for many contractors has provided a robust framework to weather the current market conditions.

Unite believe that a number of significant developments, not least in the energy and transport sectors, will ensure that the wider construction industry will soon reverse the slowdown.

In this respect Unite are encouraged by the latest figures from the Office of National Statistics, which confirm the fact that the total volume of output in the UK construction industry in the third quarter of 2009 rose by 2% compared with the previous quarter.²

Such optimism is further endorsed by the latest figures from Glenigan which confirm the fact that January 2010 was the most profitable month for contractors since May 2009. The figures in question calculate that "262 deals were done in the first month of 2010 with a total project value of £3.7 billion, up on December's (2009) 169 worth £2.9 billion."³



¹ Building Magazine – 19th February 2010

² ONS Output in the Construction Industry – 4th December 2009

³ Construction News – 18th February 2010

Electrical Contracting Industry

By the end of 2009 the top 30 mechanical and electrical contractors in the UK had been engaged in 1,034 projects with a combined value of £19.7 billion.⁴

Unite are encouraged by the sanguine approach being taken by a number of the leading contractors in the sector and note with interest recent reported statements that, for example, T Clarke are "trading slightly ahead of market expectations"⁵ and that NG Bailey "have a strong market position....and a good order book".⁶

Electrical Contracting Labour Force

When analysing the current trends in employment within the electrical contracting sector we need to take every step available to encourage operatives into long term direct employment. This can only be done through a consistent national collective agreement that facilitates suitable financial reward for an occupational group still in relatively in high demand.

The stark reality is that in the last seven years the number of operatives (on all grades) directly employed by JIB registered companies has fallen by 1,733, whilst the average age of these operatives has increased from 40 to 41.⁷

Analysis of those operatives leaving the industry is also concerning, 60% of all operatives are leaving their employment in the electrical contracting sector before they reach 40 years of age⁸ which will over time have a significant impact on the age demographic and consequently the availability of skilled operatives.

Such concerns were no doubt considered during the research undertaken for the latest Construction Skills Network Report which estimates that, even with modest output growth, the UK construction industry will need to recruit an additional 1,150 electricians each year for the next four years.⁹

Cost of Living

Unite are particularly concerned that the pay of operatives in the sector does not decline in real terms. Not only would such a development have a long term impact on the ability of the sector to recruit and retain skilled operatives but also stores up the potential to damage economic growth.

With this in mind Unite note with interest the recently published inflation figures from the Office of National Statistics. In the year to January 2010 the Retail Prices Index (RPI) rose by 3.7% up from 2.4% in December 2009 and 0.3% in November 2009.¹⁰

Detailed analysis of the figures would suggest that inflation is set to have a greater impact on the pay of operatives going forward than might have been assumed some months ago.

Current forecasts put the RPI figure at 4.9% by the second quarter of 2010 and 4.7% by the end of the year.¹¹

⁴ Emap glenigan – December 2009

⁵ Construction News – 29th January 2010

⁶ NG Bailey Financial Summary 2009

⁷ JIB Labour Report – 2009

⁸ JIB Labour Report – 2009

⁹ Construction Skills Network, Blueprint for UK Construction Skills 2010 - 2014

¹⁰ Office for National Statistics – 16th February 2010

¹¹ HSBC inflation forecast in IDS Pay Report 1043 – February 2010

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 operatives employed under the National Agreement for the Engineering Construction Industry (NAECI) were subject to a 2% increase on the 4th January 2010.

Elsewhere in the economy pay increases are evident where there remains a demand for skilled workers. For example, workers at Babcock Marine Rosyth have recently been awarded a 3% increase, whilst workers at BAE Systems Surface Ships in Portsmouth have recently agreed a 2.5% pay increase.

Similarly it is worth considering that of the pay settlements monitored in 2009 almost 60% were worth 2% or more.¹²

Pay & Conditions Claim

Unite strongly believe every effort should be made to ensure that the agreement continues to offer enhanced employment reward to ensure that the UK electrical contracting sector can retain and recruit the skilled workforce it needs going forward.

Unite recognise the difficulties of making a commitment to a multi-year pay deal. In view of the current situation it is Unite position, on this occasion, to seek a one year settlement.

Unite therefore calls for:

- An increase in the hourly rate and allowances, calculated in such a way as to ensure that the increase is above the prevailing RPI figure by January 2011.
- Additional holiday provision
- Improved sick pay provision
- Overtime rates to be effective from 12 noon on Saturday
- Increase in the minimum rates for a chargehand

In addition we are also seeking a firm commitment from the Employers to discuss:

- Travel allowances (and calculation of)
- Pension provision
- Accommodation allowance

Tom Hardacre

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¹² IDS Pay Report 1040 – January 2010

