

Amicus research

Industrial report 2004

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Section 1

Amicus Policy 2004

Amicus – Policy

It is possible to summarise the policy of Amicus in that Amicus members want a progressive policy agenda combining economic, employment and social policies to provide economic stability and social justice, improve living standards for all, and meet the challenges of the competitive global economy.

The key aspirations for Amicus members are to have job security in a decent, safe and fairly paid job with rights and dignity at work and the ability to improve their skills, balance working time with other commitments and to retire on a secure and decent pension.

Summarised here is the Amicus policy on many of the key issues and events in the world of work. It is not a complete compendium of Amicus policy; it is a report on the overall policy approach of the Union.

Employment rights

There is still no right to protection from unfair dismissal until employees have been employed for a year. While the Labour Government has delivered on a range of new employment rights, we remain concerned at the level of redundancy pay and the law concerning companies that go into administration. Amicus has long been concerned with the growth of temporary and agency labour and 'bogus self employment'. Amicus has consistently called for a level playing field in Europe on employment rights. Amicus is also concerned that the new disciplinary and grievance procedures under the Employment Act 2002 must not prevent an employee's right to a fair hearing at an employment tribunal.

Pensions

The crisis in pensions, with final salary pension schemes being closed to new members or wound up entirely, has been a key campaign for Amicus. The pensions bill is currently passing through the legislative process. The bill contains a Government proposal for a pension protection fund; Amicus has been campaigning to ensure it has power to make retrospective payments. There is still a need to make pensions fully recognised as being 'pay' and under the contract of employment. There is also a need to ensure employers make minimum 10% contributions with employees making 5% contributions to pension schemes and end the practice of employer contribution holidays.

Amicus believes that there should be tax changes to make occupational pension funds cheaper and has urged the Government to consider either the restoration of Advance Corporation Tax relief or an alternative measure to boost the investment return on pension contributions and a refocusing of tax support on lower levels of contributions. Amicus believes that the state pension is an essential element of

pension provision in the UK. There remains a key concern for alleviating poverty in retirement, in particular for women who often live longer than men and also are less likely to have paid sufficient national insurance contributions to qualify for the state pension.

Manufacturing

The Government is currently reviewing the DTI manufacturing strategy, procurement policy and innovation policy. Amicus believes a strong manufacturing sector is the backbone of all successful economies; we need a manufacturing strategy with the Government bringing together business and unions to save manufacturing and defend British jobs. Amicus has campaigned to highlight the plight of manufacturing, saying that the decline of the UK's manufacturing sector is reaching a critical point and, if allowed to continue, will threaten the futures of entire communities in industrial heartlands. Amicus has held successful national and regional demonstrations to highlight the plight of manufacturing. Amicus wants the UK to follow the best practices of our European partners to support manufacturing so British business can compete on a level playing field. Amicus is campaigning for the introduction of stronger employment protection and greater investment in research and development and skills and training to boost UK manufacturing productivity and make redundancies a more difficult and expensive option.

Full employment

Amicus has fully supported the Government's commitment to full employment and we believe the Government must also work towards the goal of full employment in every region, intervene where rapid and severe job losses take place due to industrial restructuring and help prevent job losses through an active industrial policy.

The economy

Amicus has raised concerns that the Monetary Policy Committee decisions on interest rates have not taken sufficiently into account the need to support manufacturing industry. Amicus believes that the remit of the committee should be widened to take account of regional and sectoral impacts of their decisions on interest rates.

Offshoring

Amicus is concerned at the pressure that business is coming under to outsource jobs overseas, particularly in the service sector. Amicus believes that offshoring is having a damaging impact on the UK's skills base as well as the ethical concerns we have raised. As an internationalist organisation Amicus is committed to raising labour standards at home and abroad. Amicus welcomes the development of

emerging economies and accepts the reality of globalisation. However, we believe that employers must recognise the wider social and economic impact of their decisions.

Europe

Amicus has a pro European policy. While Amicus has supported a referendum on the single currency we have also raised the need to reform the stability and growth pact and its implementation of the convergence criteria set under the Maastricht treaty. Amicus wants the Government to deliver the European social agenda, the charter of fundamental rights under the draft constitution and deal with the implications of enlargement. We need to end the practice of mass job losses when plants close simply because British workers are cheaper and easier to sack than their European counterparts.

High performance workplaces

Britain must compete in the global marketplace on the basis of high performance workplaces where employees are involved in innovation and the decision making process and where we seek to improve productivity through a culture of long term investment, skills and high quality production.

Information and consultation

The Government has agreed a social partnership agreement between the TUC and CBI on the implementation of the information and consultation in to UK law. Amicus has developed our industrial strategy with regards to the implementation of the draft regulations in terms of protecting and extending our collective bargaining influence in the work place, the opportunities for recruitment and organisation, and the education and support that Amicus representatives will require as they deal with a range of complex business and economic information.

Working Hours

Amicus is campaigning for a 35-hour week without loss of pay. We are persuading employers that competitiveness does not depend on our members working longer hours than any other workers do in Europe. In fact all available research shows that reducing working hours increases overall productivity. Amicus is also campaigning to end the UK opt out of the Working Time Directive.

Work-Life balance

The Employment Act 2002 introduced the right to request flexible working. Amicus is campaigning for flexible working hours to help enable our members reconcile their work with their family life and women in particular to participate in the labour market.

Childcare

Amicus welcomed the child tax credit and has long campaigned for workplace childcare. Amicus is concerned with the lack of access to high quality affordable childcare, in particular for those members who work non-standard hours or have children with special needs.

Corporate manslaughter

Amicus believes it is essential to reduce the number of fatalities at work and this will only come about when those companies that have caused deaths through negligence are held to account. The Government is expected to announce a draft bill imminently, which will introduce a new offence to enable successful prosecutions of companies whose failure to set or maintain standards causes a death. Amicus has held many events to highlight the corporate manslaughter campaign in particular around Workers Memorial Day and works closely with the Centre for Corporate Accountability and Hazards to campaign for a change in the law.

Skills

Amicus has welcomed the Government Skills white paper that provided the new structural framework for unions, the Government and employers to work together to deliver skills. The Union Learning Fund and Union Learning Representatives have delivered many learning opportunities to our members, however, Amicus believes that learning should also be integrated into the mainstream collective bargaining agenda under recognition legislation.

Amicus believes there must be an extension in provision of modern apprenticeships. While we are strongly supportive of the Government's Employer Training Pilots, we regret the absence of a statutory right to paid time off for vocational education for all workers from the White Paper and the decision to evaluate the pilots before introducing such a right.

The welfare system

Poverty and deprivation causes lasting damage to people, families and whole communities. Amicus wants people to be supported to escape poverty through an inclusive modern welfare system. The root causes of poverty must be tackled through redistribution of wealth to close the widening gap between rich and poor using measures such as the national minimum wage, progressive taxation and decent levels of universal state benefits.

Public services

Amicus believes that access to high quality, modern public services widens opportunities for people, is the engine that delivers equality and provides the infrastructure that supports communities and the economy. Amicus wants a Government that is committed to investing in our public services and providing for all a decent health service, housing, education, childcare and an integrated transport system.

Amicus recognises that reform is needed to improve public service delivery, but believe this will not be achieved at the expense of public sector workers' security of employment. Where public services have been privatised, workers' wages and conditions have suffered causing a negative impact on the quality of service delivered. Amicus believes that the Government's two-tier workforce agreement should be extended to cover all areas of public services. It is essential to get the balance right of how the public sector engages with the private and voluntary sectors to ensure that workers, the public and the taxpayer receive the best possible deal through well funded, publicly owned, publicly accountable, modern public services.

Corporate social responsibility

Businesses that operate in the UK have a responsibility to the environment and society that are wider than shareholder interests. Amicus wants business regulation and legislation so that we can ensure businesses meet the minimum standards of corporate social responsibility and ensure all 'stakeholders' are valued.

Equal pay

Equal pay has been agreed as a priority campaign for Amicus. There are many gains to be made through the Amicus industrial strategy, and the support that will be required by officers and working representatives. Amicus has also highlighted the discrimination in pay on the grounds of race, sexual orientation, disability and age. We have yet to see the change in the Equal Pay Act that will require employers to carry out equal pay audits.

Single Equalities Act

The Government intends to create a single equalities commission to replace the EOC, DRC and RRC. Amicus is concerned that the single equalities commission will require additional resources to promote equality in relation to age, sexuality and religion, as well as continue work in the areas of sex equality, race and disability. Amicus believes that a single equality body may well be a longer-term progressive step, particularly in the many cases where individuals experience multiple discrimination, but in particular, this must not be at the expense of many

years of work and campaigning on disability rights, and the sidelining of the Disability Task Force recommendations. Amicus believes there should be a single Equalities Act that deals with all areas of discrimination and modernises our legislation and can adequately ensure that the single equalities commission has legally enforceable powers.

Trade union rights

Britain still has some of the most restrictive trade union legislation in the Western world. Working people should have the right to join and take collective industrial action through their trade union whatever the size of their workplace. Amicus members should be able to organise industrially and politically without the burden of legislation that has been designed to obstruct or frustrate legitimate trade union activity. The employment bill that is currently before parliament was disappointing in that it failed to address many of Amicus's concerns. There are a number of amendments that will clarify the CAC procedures for statutory recognition and the right for trade unions to exclude members from far-Right organisations.

Recruitment and organisation

Amicus has a strong commitment to recruitment and organisation and has won many recognition agreements since the implementation on the Employment Relations Act. Amicus also recognises the changing nature of the workplace means that there are often individual or smaller groups of members. As a union, Amicus provides its representatives with the training, development and protection of the Union to perform duties effectively. Amicus has a strong tradition in supporting union organisation in the workplace and believes that strong collective bargaining structures are central to defending members' terms and conditions.

Citizenship and an inclusive democracy

Amicus wants a more inclusive democracy in Britain with membership-based political parties. Amicus is opposed to restricting funding to state funding. Amicus believes in the first past the post system for elections, we want our representatives in Parliament, local government and regional assemblies to be democratically elected, and reflect the diversity of our nation. We want reform of the European institutions to make them accountable and democratic.

Amicus wants active citizenship and respect for all people who live in our country. Amicus wants our Government to build cohesive communities that celebrate our ethnic and cultural diversity and citizenship based on respect for fundamental human rights for all. Amicus is particularly concerned at the recent electoral success of far-Right political organisations and is committed to working with the wider community to campaign against racist propaganda that divides our communities.

Globalisation

Globalisation affects our lives as citizens as well as at work. Many people in Britain work for trans-national companies. The Government must engage with corporations and international bodies in a dialogue over workers' rights, social issues and the responsibilities of globalisation. Along with global markets we are part of a global community and want our global institutions to reflect the social dimension through reform of the World Trade Organisation, World Bank and IMF so that there is greater transparency and democracy within their operations.

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Section 2

Amicus and the construction and contracting industries

Best standards and best practice for the UK

The Mechanical and Electrical Contracting and Engineering Construction industries design, build, install, commission and maintain a diverse array of environments, from residential housing to power stations.

The industry needs to modernise, offering decent pay, welfare, safety and pension provision, as well as job security and a structure for career development if it is to attract new recruits and address the problem of an ageing workforce, instead of using the short-term strategy of importing cheap non-UK labour.

In the 2003 Budget, the Chancellor was keen to emphasise the Government's willingness to look at ways to increase the housing supply in the UK. This year's budget is expected to see radical reforms to the CIS scheme and other forms of bogus self-employment. If this is successful our campaign for direct employment will have borne fruit arising from our evidence sent to the Treasury.

Continuity of public sector work means that in many cases shortfalls in commercial work are being compensated by contracts meeting the demands of the public sector, PFI and PPP. This public expenditure, the housing boom and investment in the NHS, National Lottery funded projects and investment in the Rail and Air Transport infrastructure, means the recent stability of the construction sector looks set to continue. However, regional differences exist that highlight under-investment in many regions.

R&M has helped engineering construction diversify. However a lack of new build threatens a traditional part of the industry. The Union is seeking a balanced energy policy from the Government. Renewable energy is welcome, but cannot meet the economy's total energy demands. Only by commitment to a new generation of cleaner and more efficient coal, gas and nuclear power plants can we hope to meet the demand.

Health & Safety

After 114 construction deaths in the year of 2000/1, Deputy Prime Minister John Prescott held the Construction Safety Summit from which a number of initiatives followed. However, unacceptable rates of deaths on site have continued, with four fatalities being reported on construction sites in the week leading up to Christmas 2003 alone.

Engineering Construction and M&E contracting continue to be the safest sectors, and are leading examples to the industry in general. High levels of union membership, safety representatives and organisation prove that unionised sites are safer sites. Many firms in the general building industry continue to operate in unsafe working environments. The successful prosecution of directors responsible for corporate manslaughter will surely help reduce these appalling incidents.

The respect for people in construction campaign

Amicus has initiated a campaign to organise and recruit the UK construction workforce and educate them on their rights. The campaign highlights our proud history as **the** union for all mechanical, electrical and construction workers.

Amicus seeks to obtain the highest possible standard of employment for our members working in construction.

Our members have:

- The right to direct employment via JIB NWR 17 and HVACR rule 1D.
- Holiday pay
- Sick pay
- Pension entitlements
- The right to decent welfare, PPE and a safe working environment
- Grievance and dispute procedures
- Collective and individual security
- Professional Representation and support, legal aid and advice, benefits and services, political influence, European lobbying.

The Posting of Workers Directive campaign

Hundreds of Engineering Construction workers from the NECC (National Engineering Construction Committee) unions Amicus, GMB and TGWU, lobbied Parliament on Tuesday 2 December over the exploitation of cheap foreign labour, and demanding a level playing field with Europe.

The NECC issued a statement of case to Gerry Sutcliffe, DTI Minister in November 2003, calling on the UK Government to protect British construction workers from European contractors who undercut UK workers by utilising cheap foreign labour.

The unions are demanding that the Government enact the EU Posted Workers Directive 96/71/EC in its true spirit to prevent clients and contractors from exploiting migrant labour, and avoiding their responsibilities in adhering to the NAECI National Agreement. Not only is the undermining of UK construction workers a huge concern to the NECC unions but Health and Safety is compromised by lack of understanding due to the language barrier with workers from abroad. The NAECI workers pride themselves on their excellent Health and Safety record.

The NECC statement of case entitled Social Dumping: a crisis in the UK engineering construction industry was given to MP's. National officials, and delegates from the shop stewards forum met with construction minister Nigel Griffiths MP. Amicus national officer Paul Corby said: *'This lobby is about best standards and about parity with the best standards in Europe for UK engineering construction workers.'*

On 3 December Amicus national secretary Jim Simms tabled an emergency motion at the EFBWW (European Federation of Building and Wood Workers) on the issue.

At Westminster, MP's are signing an Early Day Motion tabled by Amicus MP John Mann, requesting action is taken to enact the Directive correctly in the UK. **Our campaign will continue until we achieve success.**

Electrical Contracting JIB & SJIB agreements

The Electrical JIB agreements offer the best construction industry basic and premium rates in the UK. In addition rule 6.1.2. provides the facility for extra pay via productivity and incentive schemes. Since January 2002, following a three year pay offer being accepted by 62% of the workforce voting in a national ballot, operatives have seen wages increase by 22% for London / inside the M25, and 18.1% nationally and in Scotland. Furthermore, sick pay increased by 115% to £140 (approved electrician) per week after 6 weeks.

The increase on the approved electrician basic rates (own transport) for 2004, which came into effect on 5th January 2004, is detailed below. The percentage increases are applicable to all grades.

- **London –**
8.2% increase on the London rate.
2004 – £12.18 (92p per hour increase)
- **Nationally & Scotland –**
7.1% increase on the rate.
2004 – £11.05 (73p per hour increase)

Travel increases: Increase on Travel Time and Travel Allowance by RPI at 2% per year.

In England and Wales, the redefinition of the shop rate has significantly improved the terms and conditions of members employed by small JIB member firms. The JIB combined benefits credits stands at £43.08 per week for an approved electrician, with all other grades incremental to this figure.

A strategy to simplify the stamp scheme is now under way, and seeks to eliminate underpurchasing by contractors. The Union has successfully tackled the issue of 'Top-up pay' in regard to the working time regulations. The new JIB handbook is being amended to provide clarification of holiday pay arrangements. National Working Rule 17 is being successfully utilised by the Union and its members in addressing the issue of bogus self-employment, which is still rife in the industry. The Union has been consistently fighting this campaign for direct employment and the ECA have now issued a letter to their members calling for compliance with rule 17, and the implications that exist if they do not adhere to the rule.

JIB 2005 Wages and Conditions Review

The Shop Stewards JIB Advisory Group has developed the 2005 wage claim, and negotiations are ongoing. **The claim raises a number of issues including:**

- Substantial increase in the hourly rate in respect of the skills and efforts of the workforce
- Travel – Substantial increase to reflect real costs of travel
- Mobility clause to encompass reasonableness
- 24 returns home a year when away
- Full standard return rail fares and a working group on travel
- Increase in sickness pay
- Employer contribution to stakeholder pension scheme
- Address lodging allowance, including en suite facilities in civilised, decent accommodation, with breakfast and evening meal
- Onshore agreement, increase applied to the top scale of the rate
- Increase permanent and total disability, accident and death benefits
- Holidays to reflect NAECI, i.e. 33 days, 30 days at normal earnings
- Conditions money – for railwork and address ‘window of work’ trackside
- Part P of the Building Regs, the ‘Qualified Supervisor’ qualification on ECS cards to reflect an additional payment for supervising domestic work
- Paid paternity leave.

Engineering Construction Industry (NAECI)

The National Shop Stewards Forum has established itself as a key player in the industry, now enshrined under rule in NAECI 38. The forum includes stewards from the NECC unions Amicus, GMB and TGWU. The NECC secretary and joint co-ordinating official for the body is Paul Corby. Trade union activism is significantly growing, with experienced representatives organising and giving confidence to the workforce in a multi-union environment. Amicus continue to work hard in ensuring the principles of the NAECI are upheld and protected, including:

- Commitment from the clients and contractors to the UK workforce, campaigning against the use and exploitation of cheap foreign labour
- Under the NAECI, operatives are employed directly on a PAYE basis
- The NJC’s philosophies of partnership, consultation and full participation of management, the workforce and union safety representatives
- CCNSG safety passport and the NJC Award for Safety in Engineering Construction
- ACE – Assuring Competence in Engineering Construction.

Safety studies show that employees in non-union workplaces are twice as likely to be injured than those in unionised employment. There have been no fatalities on NAECI (nominated) projects since 1993 and the sector has the lowest accident rates in construction. This performance is an outstanding success.

NAECI rates 2003 to 5 April 2004

In the 2002 NAECI review the negotiators achieved a 33% increase, with both new money and consolidation for the two-year deal from April 2002.

Category 1 – Major Projects

Category 2 – Long Term R&M

Category 3 – Major Events / Turnarounds / Outages etc.

Advanced Craftsman

£10.80 per hour.

Weekday overtime to noon Saturday £15.12 per hour
time plus 40%

Weekend overtime calculator £19.44 per hour
time plus 80%

- £10.80 basic rate linked to the productivity payment of £1.60 per hour gives a potential earnings level of £12.40 per hour.

Category 4 – General Engineering Construction

Advanced Craftsman £9.65ph basic, £13.51ph weekday overtime, £17.37ph weekend overtime, productivity payment potential £2.05 per hour giving £11.70 per hour earnings potential. This protects our members in smaller firms and small jobs, providing a higher platform for the future.

Refer to NAECI Appendix J for further grades and rates.

ACE (Assuring Competence in Engineering Construction)

The first national shop stewards forum seminars at Huddersfield drove the agenda for workforce participation in industry competence and skills accreditation. Further pressure on clients from the HSE led to the development of the ACE initiative.

ACE was launched by the ECITB in October 2003. Paul Corby, NECC secretary, Jim Simms, Amicus National Secretary and Jimmy Craigie, Amicus AEEU NIC member, sit on the ACE steering group. Both were instrumental in securing £35 million of funding for the initiative via the LSC. ACE delivers on Government and HSE demands for safety and skills competency in line with the S/NVQ structure. Furthermore, union involvement means our members are protected. Skills competence accreditation acknowledges the existing vocational skills of the workforce via APL (Accreditation via Prior Learning). Jimmy Craigie said there is nothing in the initiative for the workforce to be frightened of: *'It's not about testing, it's about establishing skills recognition and incorporating proof of it into one smartcard. This initiative strengthens the position of a highly skilled, motivated and competent workforce, they will be better paid for their skills, and it will help us get away from one big pool of casual labour that can be dipped into at random.'*

Candidates are industry assessed by verifiers and assessors. We must ensure that trade unionists apply to be verifiers and assessors. Our involvement will deter clients and contractors from using an independent route, as happened with the Safety Passport, which became a Job Tax to

many of our members. The NECC unions insisted the principles of ACE include:

- No repeat of safety passport problems (No Job Tax).
- No cost to fall on the worker
- No threat to the status of the worker.
- Trade union involvement in APL process and agreed appeals structures.
- Unemployed and short-term workers have free and full access to the initiative.
- Regional structures
- An opportunity for the workforce to become assessors and verifiers

Six regions in England have been designated, reflecting the shift in engineering construction to long-term R&M. Experienced local construction union officials and activists must be involved in the regional structures, with up to three FTOs and up to three shop stewards in each regional body. Successful pilot projects have taken place. However, in Scotland and Wales, funding has not been forthcoming from the devolved parliaments and the NECC are arranging meetings to address this issue.

2004 NAECI Review

In 2003 the national shop stewards forum met on several occasions to drive the agenda on how to move the industry forward. A paradox of a two-tier workforce exists, with core well rewarded workers with stable futures and others with substantially less favourable provision. The 2004 review seeks to address these anomalies and drive the industry forward under an ethos of Respect for People. The forum met in early February 2004 to consider the employers' offer. Trevor Sargison, senior tutor of Bradford trade union studies centre, assists the shop stewards forum with facilitation.

Major Projects Agreement (MPA)

On 21 January 2003 a dual conference in London of shop stewards representing workers in the M&E contracting sector from the AEEU and MSF sections of Amicus unanimously approved the MPA. The creation of this agreement is a major breakthrough for the construction industry.

The MPA is a performance and employment framework for mechanical, electrical and plumbing disciplines for the largest building services engineering projects. The MPA has a broad scope, including major PFI projects, airport infrastructure, major rail development, public and commercial construction projects. Sites are assessed for in-scope suitability by a joint M&E forum.

The MPA has been agreed between Amicus and the APHC, ECA, HVCA and SELECT employer associations. It represents a major innovative step forward, providing a radical and progressive performance and industrial relations model. Furthermore it encompasses the working rules, structures and grading schemes of the JIB, JIB (PMES) and HVACR agreements, protecting our members' core skills and identities.

Heathrow Terminal 5 is the first project to adopt the MPA. The agreement provides the opportunity to build Britain's infrastructure in a stable, fair and professional environment.

MAJOR PROJECT PERFORMANCE PAYMENT (MPPP)		
Grade	National Payment	London Payment
Skilled Craftsman and Higher Grades	£2.20	£3.00
London includes inside the M25. Refer to MPA for MPPP rates for all other grades and apprentices.		

Heating & Ventilation (HVACR)

Agreement was reached between Amicus and the HVCA on a three-year wage deal that will introduce a rate for craftsmen of £10.00 per hour.

The main features of the new Operative National Agreement are:

- three-year duration – from November 2003 to October 2006;
- increases in hourly rates, overtime premium payments and daily travelling allowances of 3.5% from 3 November 2003; 4.5% from 4 October 2004; and 5.1% from 3 October 2005;
- from 4 April 2005, a higher rate of daily travelling allowance for operatives who live within the M25 motorway;
- an immediate increase in lodging allowance from £25.75 to £26.50 per night;
- an increase in the mileage rate from 12.5p to 20p per mile from 4 October 2004;
- changes to the mobility clause of the Operative National Agreement to allow employers increased flexibility and to clarify the current provisions in respect of meal breaks.
- The parties to the agreement have also resolved to establish joint working parties to explore the industry's pension provision arrangements and the union's wish for a reduction in the length of the working week.

The establishment of an hourly rate of £10.00 for qualified craftsmen will both reward those already active in the industry – and help to attract new recruits into its ranks.

HVACR Grade	Year 1	Year 2	Year 3
Senior Craftsman (RAS + RAW)	£11.16	£11.67	£12.25
Senior Craftsman (RAS)	£10.75	£11.24	£11.80
Senior Craftsman (RAW)	£10.34	£10.81	£11.35
Senior Craftsman* * Majority Grade in the industry	£9.93	£10.38	£10.90
Refer to Appendix 1 to JCC letter 88 for all grades, rates and allowances.			

Plumbing Joint Industry Boards

PMES and SNIJIB

Agreement was reached for 2004 and 2005 on the JIB (PMES) for England and Wales and the SNIJIB for Scotland and Northern Ireland. The Plumbing Industry Pension Scheme offers the leading pension in the construction national agreements. Employee contributions stand at 3.75%, and employer contributions at 7.5%. Our members in Scotland report that work continues to be slow, highlighting the regional economic disparities that exist in the industry.

Hourly rates of pay in 2006 are subject to review this year, to ensure commonality, and that plumbing continues to compare favourably with the rest of the mechanical sector. This is essential when addressing the skills shortage in the industry.

JIB (PMES)	2004	2005
Advanced Plumber & Gas Service Fitter	£10.21	£10.82
Responsibility/Incentive pay 24p to 84p per hour Welding Supplement Gas OR Arc = 27p per hour Welding Supplement Gas AND Arc = 46p per hour		

SNIJIB	From 22/03/2004	From 30/05/2005
Advanced Plumber & Gas Service Engineer	£10.15	£10.82
Responsibility = 45p per hour 2004 / 48p per hour 2005 Welding Supplement Gas OR Arc = 31p per hour 2004 / 33p per hour 2005 Welding Supplement Gas AND Arc = 62p per hour 2004 / 66p per hour 2005		

Crane Industry

Tower Cranes

In February 2004, shop stewards from HTC Ltd were set to meet in London to discuss the latest company pay offer. HTC have offered a 2.5% increase. The shop stewards and negotiating committee are recommending that the offer is rejected. If agreement cannot be reached the Union foresees an industrial action ballot of its driver members. Amicus also represents many individual drivers in other smaller companies who choose to retain their membership in Britain's premier constructional engineering union. Many of these members work under individual contracts of employment, or the CJIC working rule agreement, which Amicus is not party to.

Mobile Cranes

The last two years has seen considerable consolidation within the mobile crane industry. Previously, there were four major crane companies: Ainscough, GWS, Hewden Stewart and Baldwins. Due to takeovers, there are now only two, Ainscough and Hewden Stewart. Considerable progress has been made in increasing basic rates of pay by the consolidation of overtime payment. Most recently agreement has been reached at Ainscough for a 6% increase in basic rates in January 2004 and a 6% increase in January 2005.

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Section 3

Economic overview 2004

Introduction

The UK economy has remained stable and strong over the past year with steady interest rates and low inflation. Although there was a sluggish start to 2003 in terms of growth, with many City analysts suggesting the Treasury figures were too optimistic, the economy recovered and grew to meet the Chancellor's forecast of 2-2.5%. The UK economy has shown more resilience in weathering the downturn than any other major European economy. In the last three months of 2003, the economy expanded at its fastest rate in almost three years. Growth targets of 3-3.5% have been set for 2004-05, indicating a positive outlook from the Treasury. This forecast was recently supported by Ernst & Young who are predicting 3% growth this year and possibly 4.75% next year.

The key to greater growth is often seen as dependent on recovery in the global market, particularly the US market. Towards the end of the year, the US began to show signs of recovery with 8% growth in the third quarter. This success has been at the expense of increasing deficits, making it increasingly difficult for the US to be able to balance its books, resulting in a weak currency. In the past year, the dollar has declined 21% against the euro and is at its lowest level against the pound since 1992. The expected knock-on effect for the UK from US growth may be limited, as the weak dollar damages the European export market. In addition, the World Trade Organisation has expressed concern that the US trade deficit could give rise to increasingly protectionist measures.

The level of UK Government borrowing has increased to £37bn for 2003-04, £10bn more than predicted in last year's Budget. The Chancellor points to increased spending in Iraq as a contributory factor to greater levels of borrowing. However, this increase in borrowing still meets the 'golden rule,' which says the Government should not borrow for current spending over the whole economic cycle, and gives the UK a lower deficit than other major economies such as Germany, the USA, and Japan. Public sector net debt is projected to be low and stable over the next five years, stabilising at 35.2% of GDP and well below the 40% ceiling set in the sustainable investment rule.

Interest rates

2003 interest rates continued to have a major impact on industry, particularly in terms of European export levels. For the 14th month in succession, interest rates were held at 4% in January 2003. Employers and trade unionists welcomed February's 0.25% cut. A key factor in the Bank of England's decision for this cut at the start of the year was the news that factory production fell by 4% in 2002, the largest annual slump since 1991.

In a measure to boost industry and growth, a further cut of 0.25% in July brought interest rates down to 3.5%, a level not seen since 1955, and established Mervyn Peake's position as the new Governor of the Bank of England. However, this rate was short lived as in November interest rates returned to 3.75% following concerns that consumer debt and house prices were rising too rapidly. In January 2004, interest rates remained at 3.75% but many analysts predict a rise in Spring if the economy looks strong in early 2004.

Inflation: RPI, RPIX, CPI

Inflation has fluctuated over 2003 but has always remained within 1% of the Bank of England's Monetary Policy Committee's target figure of 2.5%. Both the RPI and the RPIX, which excludes mortgage interest payments, closed the year on target at 2.5%, although there have been concerns that house price inflation is the biggest driver of price increases in the RPI. In November's Pre-Budget Report, the Chancellor confirmed that the Bank of England would replace the RPIX with the Consumer Price Index (CPI), believed to be a key part of the UK's preparation for entry to the single currency as countries in the eurozone already use this measurement. The target CPI is 2% and the January 2004 level is 1.3%.

The difference in RPIX and CPI raises some issues. Some commentators are suggesting that the low level of CPI encourages an interest rate cut but the Bank of England may wait to see if the gap between CPI and RPIX narrows before adjusting the interest rate. The Government has given reassurance that payment of benefits will continue to be indexed to the RPI, but there is concern over which inflation measure the public sector will be expected to use as a shift to CPI could hold down wages. The TUC is pursuing this issue.

National Insurance

The 1% increase in National Insurance, announced in the 2002 Budget, came into effect in April last year. The Government made clear that this increase is to fund investment in the health service. Opponents of the Government argued that the 1p in the pound NI rise was a tax on business that threatened jobs. However, there does not appear to be any evidence to support this. For business, the rise only restored the contribution to a similar level to what it was in April 2000 prior to the cut that they received to offset the climate change and aggregates levy. Also, independent economic research undertaken for the OECD has demonstrated that there is no link between levels of employment and payroll tax. UK spending on the NHS will increase by an average of 7.1% a year in real terms over the five years to 2007-08.

Trade Deficit

Trade figures at the close of the year confirmed that the strong pound and the weak dollar is adding to the UK's trade deficit, which currently stands at £3.3 billion for goods and services, and at £4.4 billion for goods alone. Lower imports of oil were offset across the board by falls in exports to leave the deficit with non-EU countries unchanged at £2.3 billion. The deficit with the EU widened slightly to £2.1 billion as a result of higher imports of semi-manufactured goods towards the end of the year, in particular paper and paperboard. Within exports to the EU, lower exports of oil were offset by higher exports of a range of manufactured goods. The surplus on trade in services rose to £1.1 billion. The UK traditionally counterbalances its shortfall in trade in goods with a surplus in the supply of services, such as transport, banking, and insurance, to the rest of the world but this is being challenged by an increase in offshoring in the financial sector.

The UK's export performance continues to suffer from difficult trading conditions, particularly in Europe. Although the trade deficit is concerning for the economy, and there are concerns that it is set to widen, the deficit has largely been stable through what have been difficult circumstances. In comparing the UK with the US, analyst Alan Castle, of Lehman Brothers, states: "Overall we have limited concerns over the UK trade and current account deficit compared with the US."

Labour Market Trends

A TUC report on labour market trends 1992-2002, published in the summer, concluded that key areas of working conditions have improved over this period. Compared with the previous five years, 74% more jobs have been created since the Labour Government was elected in 1997 but, perhaps more surprisingly, in contrast to the mainly temporary and part time jobs created between 1992 and 1997, the jobs created since 1997 have been permanent with nearly two-thirds of them full time. Since 1997 fewer people are working in either very long hour jobs (above 45 hours) or very short hour jobs (under 16 hours). All the increases in job numbers have been in the middle range part time and full time jobs with average weekly hours of between 16 and 45 hours. This reverses the trend pre-1997 where most of the increase in jobs was coming from those working in excess of 45 hours a week.

The report also concluded that wages have improved. Although partly fuelled by inflated wages at the higher end of the scale, average wages have grown faster since 1997 and, after years of under funding of the public sector, the gap between public and private sector pay has closed significantly. Over the last three years, the public sector average earnings index has increased by 15.9%, which is 4.8% more than the private sector.

Sector comparisons

Significant variations in pay across sectors look set to continue. Although 3% was the common increase last year, there were pay freezes in parts of the electronics sector, while increases of 5 to 7% were not uncommon in construction. The car industry saw increases of 3.5 to 4%, while settlement levels in other parts of engineering were stagnant at 2.5%. Some sectors are increasingly using comparative market data in pay offers and awards, with evidence from the finance sector suggesting that an employee's position in the pay band relative to a market rate carries more weight in pay determination, while in the utilities sector, the use of market rates is widespread. The uncertainty in the manufacturing sector, and the rising skills shortages in other sectors, is expected to lead to further diversity in settlements.

The euro

In June, in an assessment of the five economic tests for joining the single currency, the Chancellor announced that only one, which evaluates the impact on financial services, had been met. The Chancellor did confirm that progress on passing two of the tests – on economic flexibility and convergence with the eurozone – would lead to the remaining two tests being satisfied. In his Pre-Budget report, Gordon Brown announced the publication of a paving Bill which includes a proposed referendum question: 'Should the United Kingdom adopt the euro as its currency?'

The euro has had a fairly turbulent early history, with a record low of \$0.84 in September 2000. However, at the close of 2003 it reached its highest level of \$1.20 against the weakening dollar, seen as evidence that the Euro is robust enough to ride out concerns about political factors interfering with the currency's launch criteria. Fears about economic growth in the eurozone area prompted the European Central Bank (ECB) to cut interest rates by 0.5% to 2% in June, where it has remained.

The latest eurozone economic data showed the region's recovery is continuing, but at a slow pace. The ECB has forecast growth will be between 1.1% and 2.1% in 2004, double its best expectations of 0.6% in 2003.

From the 2003 Pre-Budget report, Amicus welcomed announcements that:

- There will be a new framework of incentives for small firms
- Tax relief will be enhanced to encourage businesses to invest in North Sea oil exploration
- Tax credits for research and development will be widened
- The windfall tax reserve, previously used for job creation, will now be used to fund training pilots, in an effort to boost skills
- For the first time, full employment plans for each region of the country will be published
- Employers will be able to give staff a tax-free £50 a week for childcare.

From the 2003 Budget Amicus welcomed:

- An additional £3 million committed to the Union Learning Fund up to 2005
- A deferred increase, in line with inflation, in the main road fuel duties from 1 October 2003
- A new Child Trust Fund giving every newborn child £250, or £500 for the poorest, ensuring that every child has money in the bank at the age of 18;
- Improved tax incentives to boost research and development and investment in information technology by small companies
- An extension of existing pilots to improve access to training among low-skilled people
- A 7.2% a year in real terms in UK spending on health up to 2007-08, putting the NHS on a sound long-term financial footing.

Amicus research

Industrial report 2004

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