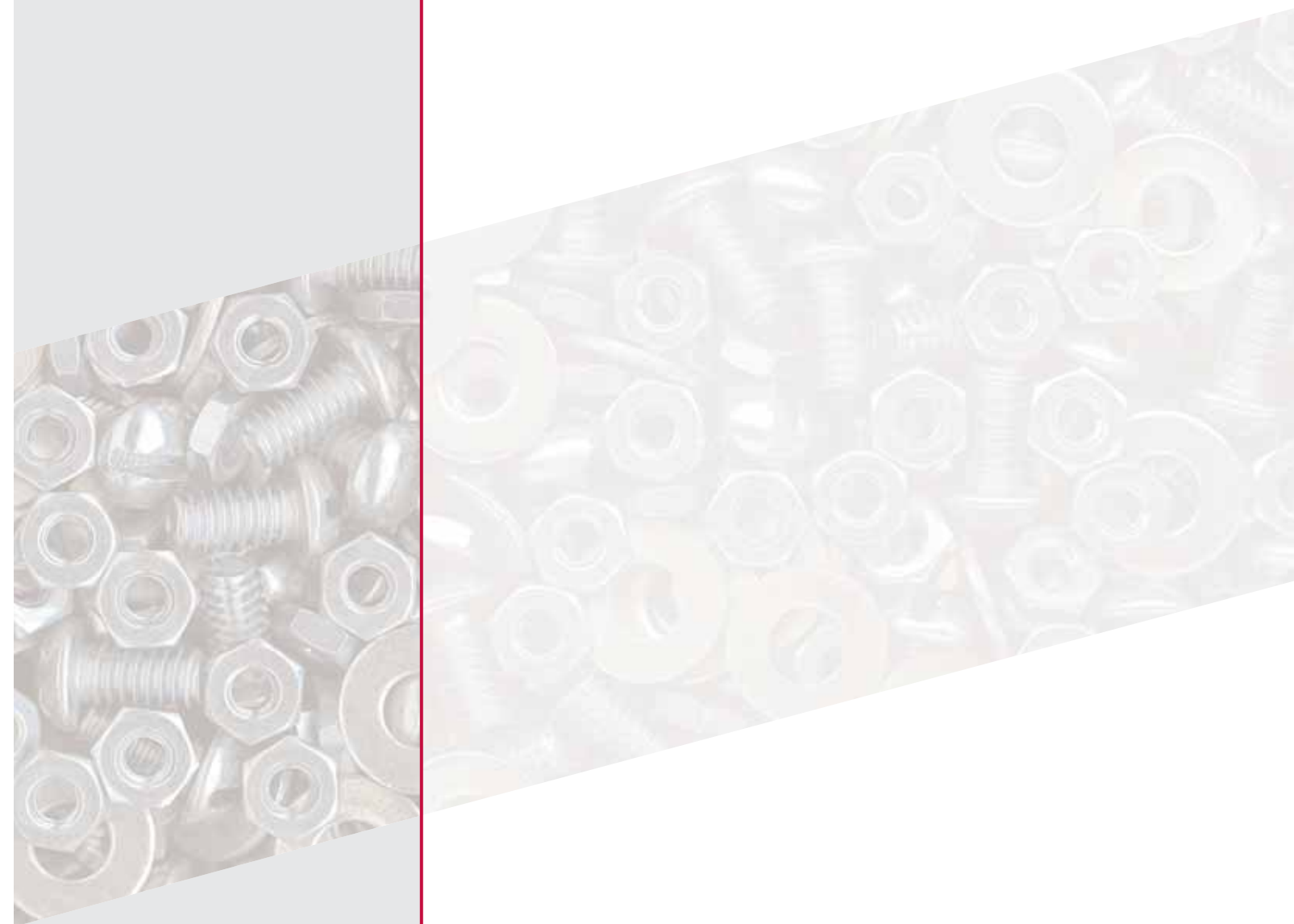




Engineering Pay Survey



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2006 Report



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Executive Summary:

- This Survey is intended to provide a snapshot of rates of pay and selected other benefits across a range of engineering employers.
- Engineers are not exclusively working in the manufacturing sector they also work in mechanical engineering, electronics, the public sector and construction. This survey shows that while pay rates and other benefits vary across sectors, there are some identifiable patterns in terms of pay band groupings.
- Amicus believes there is a need for a concerted campaign to establish national minimum time rates for engineers across many industrial sectors and regions. These rates can be based on achievable pay bands that have been identified through this survey and by comparison with data supplied by Incomes Data Services.
- The campaign would be undertaken in conjunction with the Confederation of Shipbuilding and Engineering Unions (CSEU) affiliates.

Major Findings of the Survey:

- A clear majority of employers operate a 37 hour week
- The average pay rise for 2003-2005 was 2.91% The average pay rise for 2005 was 3%
- 58% of respondents receive time and a half overtime rates for Monday – Friday
- 69% of employers pay double time for Sunday working
- Shift premiums vary widely. The average day shift premium is 13.5% and the average night shift premium is 27%
- Pay rates and other benefits for apprentices have not been covered by this survey, however in the appendices a brief case study of apprentices in the Amicus Eastern region is included for reference.

Introduction:

Engineering is an industry that is integral to the success and promotion of the UK as a place of investment, innovation and creativity, particularly in manufacturing. While manufacturing's share of GDP has fallen, its absolute contribution to GDP has increased. Gross value added in manufacturing in 2005 (the value that the manufacturing process adds to production inputs) was £148 billion in 2002 prices. The engineers that 'drive' manufacturing industry are crucial to this contribution.

The manufacturing sector still generates around £147 billion of export revenue a year, around 60 per cent of total exports of goods and services, those engineers working within the sector should be enjoying the financial rewards of these exports as well as the shareholders.

Amicus is the major trade union in the engineering sector. As part of our commitment to our members we have been reviewing the rates of pay across this sector with a view to lead a campaign to establish national minimum time rates for engineers. This campaign would be undertaken in conjunction with the Confederation of Shipbuilding and Engineering Unions (CSEU) and the results will be used to inform third parties, negotiate with employers and affect a campaign to improve the hourly rate for Amicus members working as engineers in the very varied industrial sectors across the whole of the UK.

The Engineering Employers Federation estimates that 1.3 million people work in engineering in the UK. However, in line with the decline in manufacturing employment this figure is reducing annually:

Economic forecasts for the manufacturing sector (% change except where stated)					
	2003	2004	2005	2006	2007
Output - engineering	0.3	4.2	0.0	2.5	2.3
Employment - engineering (000s)	1,443	1,379	1,350	1,305	1,265
Employment - manufacturing (000s)	3,317	3,187	3,100	2,983	2,883

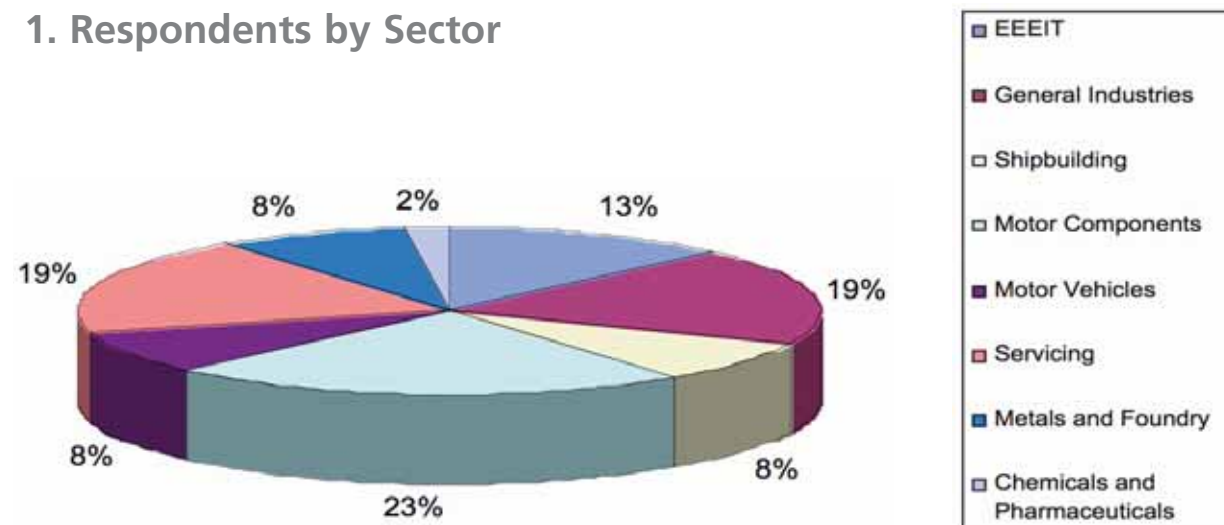
Source: Economic and Social Research Council

As our survey will show, engineering activity is not limited to the manufacturing sector alone. Engineering is integral to British and global economies. There are over 65,000 engineering companies in the UK, of varying sizes and outputs and are located in an incredibly diverse range of industrial sectors. Approximately 42% of jobs are in mechanical engineering, 21% in electronics and a further 21% in electrical engineering. Engineers also work in the public sector and the construction industry.

Methodology:

The survey questionnaire was sent to 300 delegates who attended the Amicus National Sector Conferences in June 2006. The delegates were all representatives at their places of employment and covered a broad range of sectors, these were; Shipbuilding, Motor Components, Motor Vehicles, Electrical Engineering, Electronics and IT (EEEIT), Chemicals and Pharmaceuticals, Servicing, General Industries and Metals and Foundry, (see figure 1).

1. Respondents by Sector



In the survey design we were particularly looking for pay rates; hourly and weekly, and also what the minimum and maximum rates were for specific grades within the sectors concerned. We also wanted information about pay settlements, average bonus', overtime rates and shift premiums.

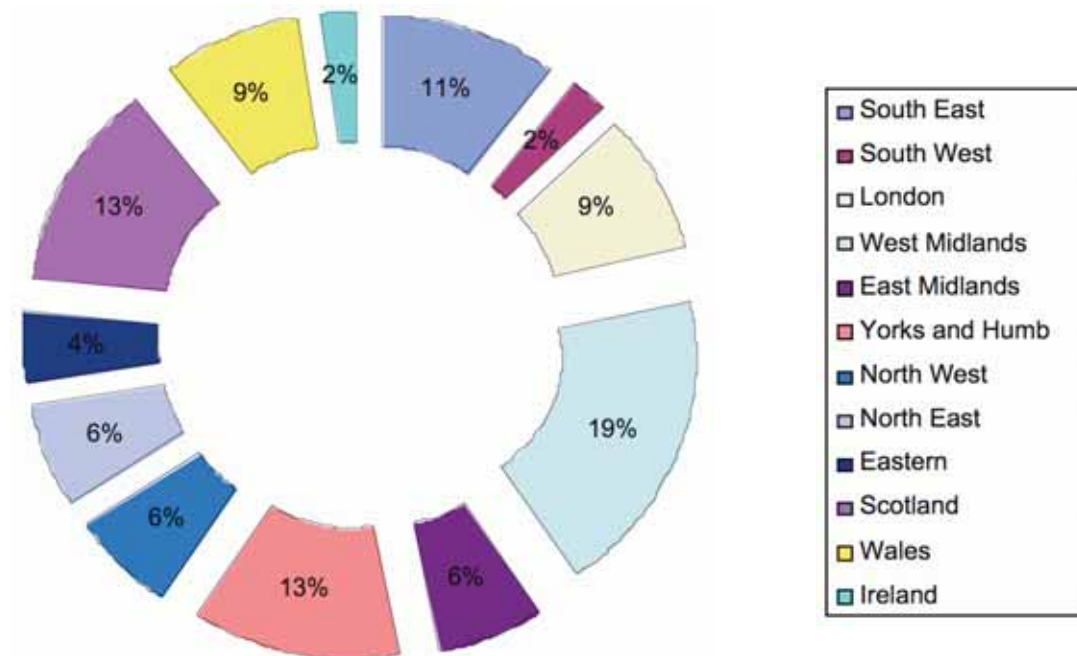
To alleviate the common differences in grades, job titles and variations in responsibilities we decided to create job groups under specific grades that members could identify with, and provide the necessary information required for the survey questionnaire.

Seven engineering grades were created, these are;

1. Assembler, Process Operator, Machine Operator, Direct Production Worker, Manufacturing Staff, Semi Skilled Fitter.
2. Setter Operator, Support Operative, Lead Operator, Technician, Welder/Fabricator, Mechanic.
3. Engineering Technician, Shift Engineer, Assembly Fitter, Process Operator (Top Grade), Craftsman.
4. Associate Engineer, Craft Technician, Electrician, Plumber, Shipwright, Toolmaker, Shift Maintenance Technician.
5. Multi skilled Maintenance Technician, Electrical Engineer, Multi skilled Craftsperson.
6. Team Leader, Shift Leader, Cell leader, Process Leader, Line Leader.
7. Planner, Technical Analyst, Professional Engineer.

The response to the survey was very encouraging. The responses came from forty eight companies, eight industrial sectors, fourteen conveners and thirty four shop stewards and workplace representatives. We felt this gave us a sufficiently comprehensive response, with sufficient data to enable us to present a picture of what is happening in engineering at this moment in time. We have also included a chart that shows the regional breakdown of the responses received. Responses were received from all of the Amicus regions in varying proportions, ranging from 19% of responses coming from the West Midlands to 2% from Ireland and the East Midlands respectively.

2. Respondents by Region



Hourly Pay Rates:

Grades 1 and 2:

The hourly pay rates for workers grouped in Grade 1, showed a broad range across the various industrial sectors. From the lowest at £7.20 per hour for Grade 1 for those in the General Industries sector, up to £10.06 per hour for those workers in the Motor Vehicles sector. For those working in EEEIT the rate is £7.26 per hour and for Motor Components it is £7.81 per hour. There was very little between the rates for Chemicals and Pharmaceuticals workers and those working in the Servicing sectors, with £8.75 per hour and £8.85 per hour being paid respectively.

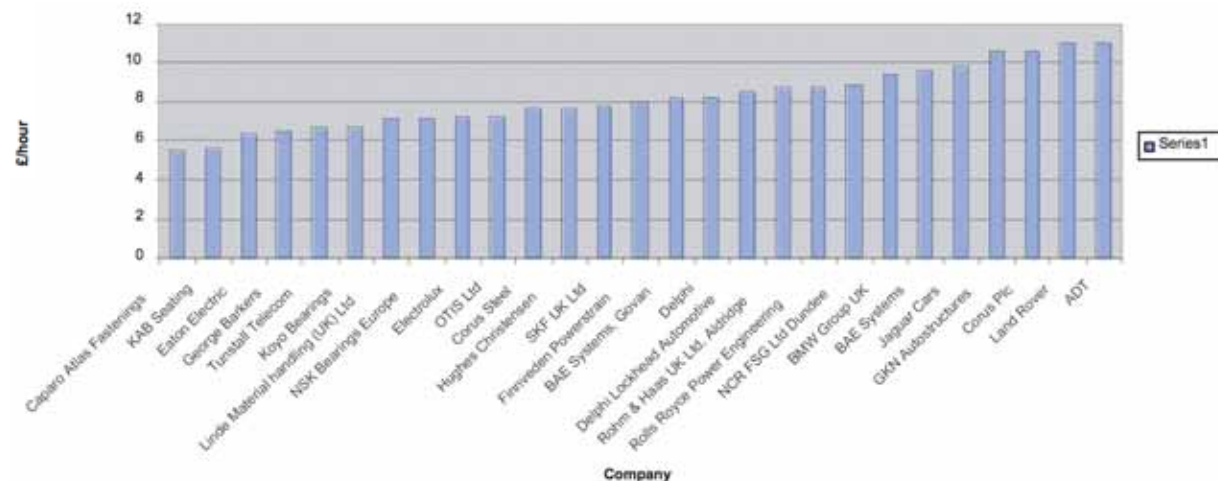
The hourly rates of pay for those workers within Grade 2 showed that workers in the Servicing sector received the lowest rate at £8.12 per hour, while those working in the Motor Vehicles sector received the highest rate at £11.10 per hour. The EEEIT workers came in at £8.55 per hour and those working in the Motor Components sector work for £8.60 per hour. In the General Industries sector workers receive £8.64 per hour, and workers in the Metals sector receive £9.67 per hour with Chemicals workers getting a rate of £9.78 per hour, the second highest for those in Grade 2.

The chart below shows the hourly rate for workers in Grade 1 in relation to the company they work for. It is clear from the chart that the proliferation of companies at the bottom of the chart represent those from the General Industries sector, such as; Caparo Atlas Fastenings, George Barkers and Linde Material Handling. There are also a number from the Motor Components sector, with; KAB Seating, Koyo Bearings NSK Bearings UK Ltd.

In a similar pattern to the Grade 1 results, the results for Grade 2 workers indicate that the bottom four represent companies from the General Industries sector, with Caparo Atlas fastenings at the bottom and George Barkers third, the Motor Components sector with KAB Seating and Eaton Electric from the EEEIT sector.

At the top end of the Grade 1 and 2 charts are a number of employers from the Motor Vehicles sector, such as; BMW Group UK, Jaguar Cars and Land Rover. At the very top of the Grade 1 scale was the Servicing sector company, ADT and Land Rover for Grade 2 workers. For further information about Grade 2 companies please see chart 1 in the Appendix.

Grade 1 Hourly Pay Rates By Company



Grade 3 and 4:

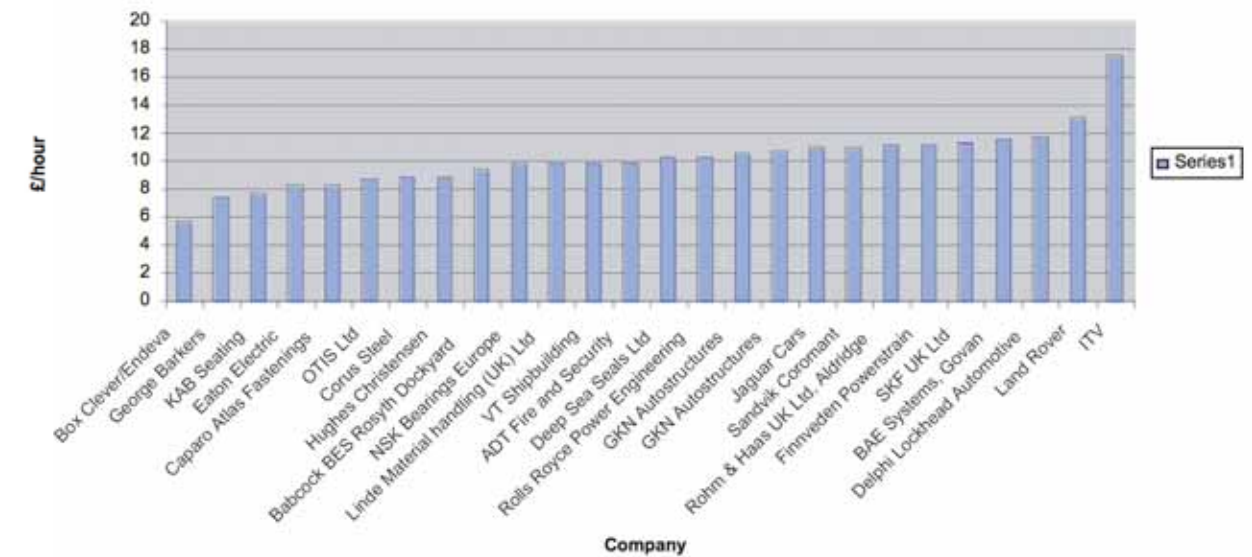
The hourly rates paid to workers in Grade 3 show a top rate of £11.70 for workers in the Motor vehicles sector and £9.57 per hour going to those working in the EEEIT sector, with Shipbuilding and Motor Components coming in very close at £9.07 and £9.30 per hour consecutively. It is clear that although the Motor Vehicles sector is in a process of planned decline, the pay rates for the sector are some of the highest across all the grades. The lowest rates to be paid for Grade 3 workers are in the Metals and Servicing sectors, with £8.65 and £8.01 being paid to the respective workers.

The top rate for those in Grade 4 is paid to workers in the Motor vehicles sector at £12.03, the next highest is Chemicals at £11.18 and Shipbuilding at £10.34. The lowest for Grade 4 is similar in relation to the Metals sector with £8.93 but also includes at the very bottom, EEEIT sector with a low rate of £8.30 per hour, a significant difference to those on Grade 3 in the EEEIT sector.

The chart below shows the hourly rate by company for those workers in Grade 4. At the bottom of the chart is a company from the Servicing sector; Box Clever, closely followed by George Barkers in

the General Industries sector and KAB Seating from the Motor Components sector. The top of the scale is again dominated by companies from the Motor Vehicles sector with; Delphi Lockhead and Land Rover. At the very top is ITV from the Servicing sector, a new entrant at the top of the pay scale with an hourly rate of £17.58 a substantial increase over Land Rover at £13.07 per hour.

Grade 4 Hourly Pay Rates By Company

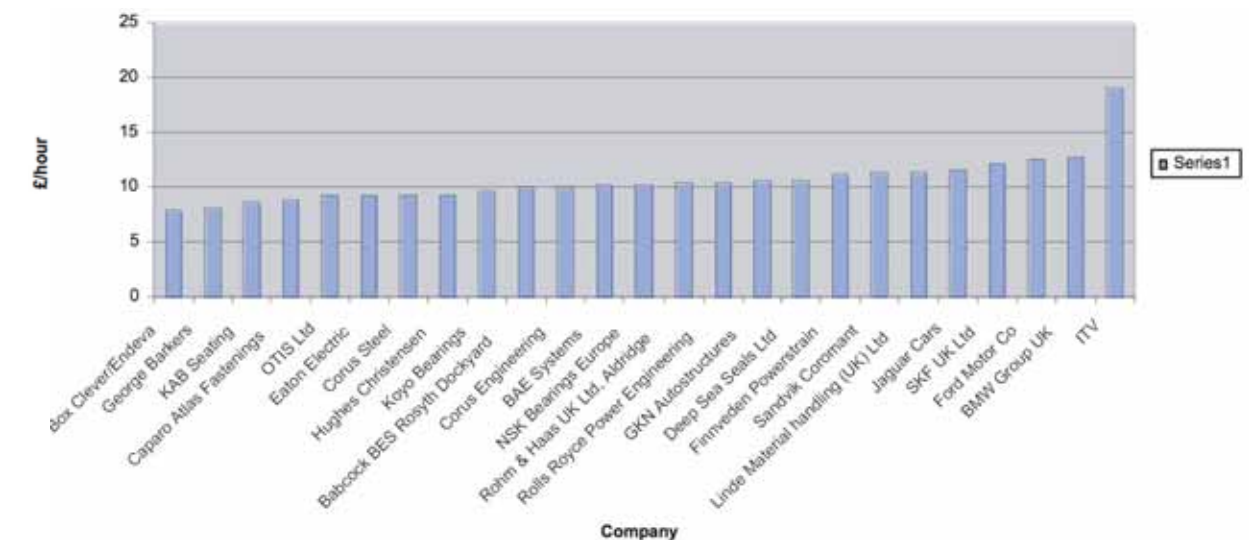


Grade 5:

Those workers in grade 5 represent multi skilled workers and their pay rates reflect this. Across the industrial sectors Motor Vehicles and the Servicing sector have similar average rates with £12.33 per hour and £12.13 per hour respectively. At the bottom of the scale both Metals and EEEIT are over the £9 barrier with £9.71 the average being paid in Metals and £9.35 paid in the EEEIT sector.

In the chart below showing the relationship between companies and workers pay rates, the evidence shows a remarkable similarity to that of the previous grades. At the bottom of the chart is Box Clever, George Barkers and KAB Seating. The top of the chart is again dominated by companies from the Motor Vehicles sector and Servicing. ITV are again at the top of the chart with a rate of £19.14 per hour. It is only the lower paid hourly rates in other Servicing companies that means the average hourly rate in the Servicing sector goes down to £12.13 per hour.

Grade 5 Hourly Pay Rates By Company



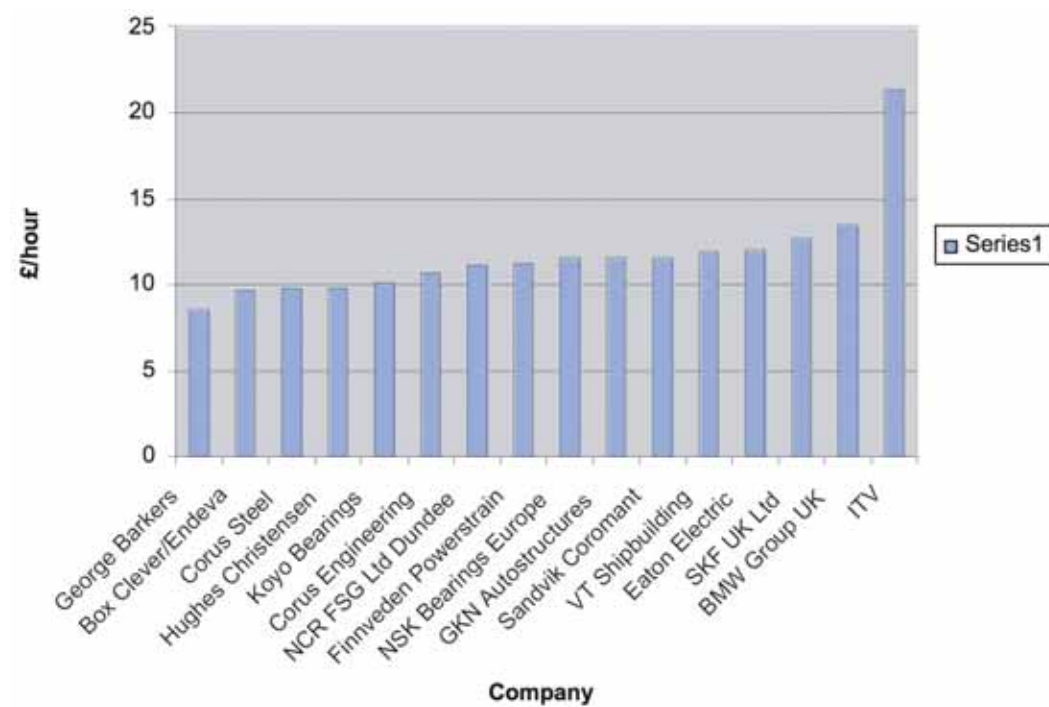
Grade 6:

Workers within this category includes those with leadership responsibilities, and this is where the Servicing sector draws increasingly ahead of workers in the predominantly traditional manufacturing sectors such as Shipbuilding and Metals. Servicing had an average rate of £15.57 per hour, with Motor Vehicle workers earning £13.04 per hour and EEEIT and Motor Components close together at £11.54 per hour and £ 11.12 per hour.

Again the bottom of the chart is dominated by companies from the General Industries and Motor Components sectors, while at the top, companies from the EEEIT, and Motor Vehicles sectors proliferate. However, once again ITV is at the top of the chart with an hourly rate of £21.41, way ahead of the next highest; BMW Group UK with £13.04 per hour.

There is a distinct pattern emerging in these charts with the Servicing sector predominating. This could be due to the type of employment contracts, the level of training and skills required by the employer or as we have mentioned earlier that Servicing is a new industry and there could be a shortage of highly qualified engineers with leadership qualities. It should also be noted that for ITV the hourly rates reflect the London location.

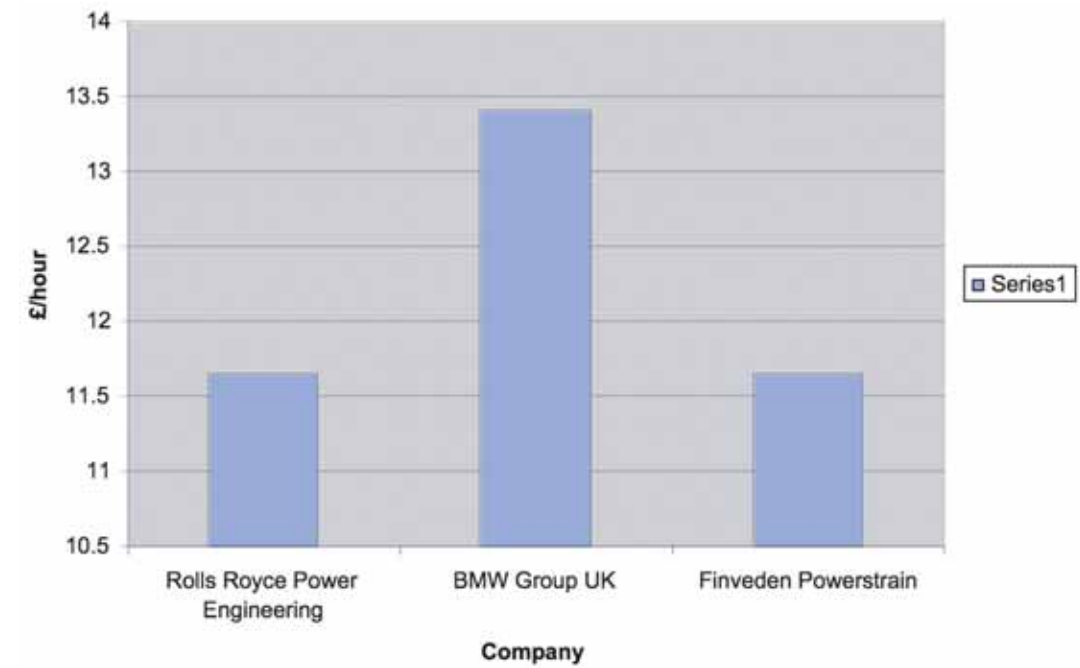
Grade 6 Hourly Pay Rates By Company



Grade 7

We only received three examples of hourly pay for Grade 7 workers. These came from the Motor Vehicles sector with BMW paying an average £13.04, the Motor Components sector company Finnveden Powerstrain paying £11.66 and Rolls Royce Power Engineering from the General Industries sector also paying £11.66 per hour.

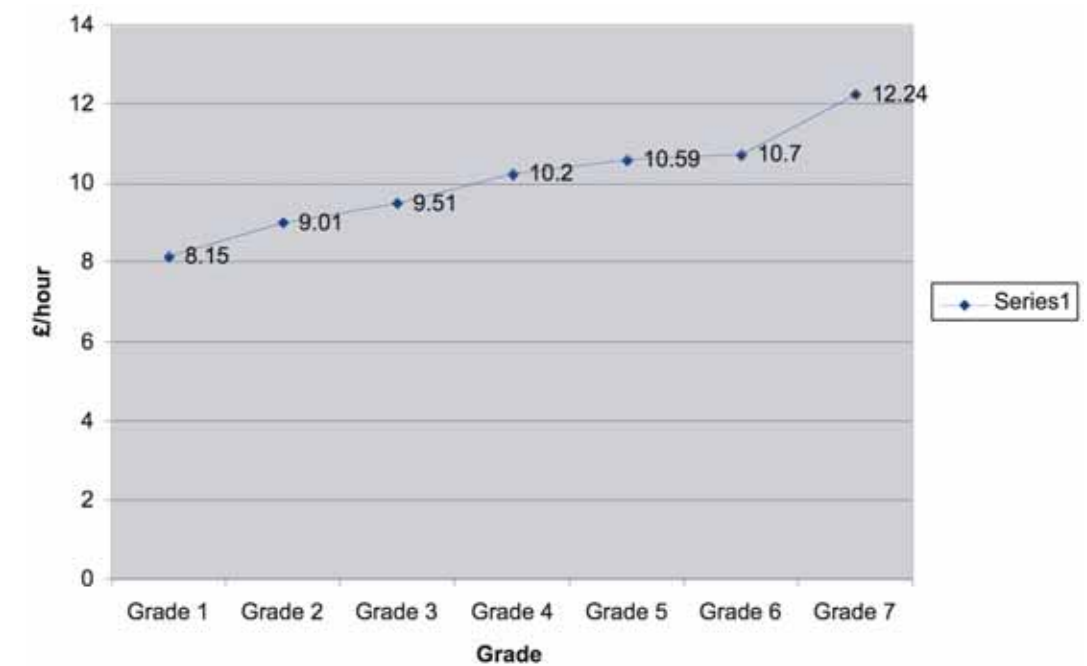
Grade 7 Hourly Pay Rates By Company



Average Hourly Pay Rates:

The graph below shows the mid point average hourly pay rates for all the seven grades. As we can see there is very little difference between grade 2 and 3, and a similar levelling out between Grades 4, 5 and 6. The average hourly pay rate for workers in Grade 7 reflects that these are graduate entry jobs and are highly skilled positions within the workplace.

Average Hourly Pay By Grades



Pay Rises:

We asked respondents to note the level of their annual uplifts for the years 2003 to 2006. We are unable to comment on the uplifts for 2006 as there were only two responses with this information. The data shows that for 2003 - 2005 the average pay rise was 2.91%, while the median pay rise for 2005 was 3%. There are a number of companies that came out above the 3% median level. These include; BME Brush with a 4% uplift, BAE Systems, Goven with 4% and SKF UK Ltd with 3.65%. At the lower end of the scale, Caparo Atlas Fastenings said they had an uplift of 2% in 2003 but had not had any uplift for 2004 or 2005. Workers at George Barkers were awarded a 1% uplift in 2005 and at the BBC workers received 2% uplift.

These very low levels of pay rises reflect what has been happening economically over the past few years, with official inflation figures of well below 3%. However, with interest rates rising, and predicted to rise even further it will be interesting to see whether wage inflation starts to creep up. In terms of prices on the high street, prices are stable, or in the case of electronic goods falling. But for many people, it is items like insurance, travel, motoring expenses, council tax and health costs that are the big items of expenditure, with the result that some commentators are suggesting that inflation is really running at 5%.

Overtime Rates:

The majority of companies (58%) paid time and a half overtime rate for Monday to Friday working, these companies included; Babcock BES Rosyth Dockyard, Deep Sea Seals Ltd, Corus MSD, Land Rover and Delphi Diesel Systems. A large number paid 1.3 overtime rate and Finnveden Powerstrain paid 1.45 and Sandvik Cormorant 1.25.

Saturday a.m. overtime rate was paid at a slightly lower rate than Saturday p.m. for example Jaguar cars pays time and a half for Saturday a.m. and double time for Saturday p.m. as do Corus MD, the Ford motor Company and Tunstall Telecom. A large majority of companies (69%) pay double time for Sundays and the average overtime rate for working a bank holiday is double time.

Two companies pay double time and a day in lieu for bank holiday working, these are; Electrolux and Eaton Electric. (Please see chart 7 for further information)

Working Week and Average Bonus:

Information sent by the respondents indicated that the clear majority of companies operate a 37 hour working week. There are variations on this in relation to shift patterns, annualised hours systems and some companies operating more or less hours than the average 37.

It was clear from the responses to our survey that not many companies pay a bonus. Of the forty eight companies that responded, only seven have a bonus scheme in place. Deep Sea Seals have paid a consistent 8.8% bonus since 2003. There are two companies that have reduced their bonus payments. George Barkers paid no bonus in 2003, 2.5% in 2004 and paid 1% in 2005, while Corus plc paid 5% in 2003 and 2004, with a reduction to 4% in 2005. Delphi Lockheed Automotive have paid 2% per year since 2003 and Delphi Diesel Systems paid 0.75% in 2003, 1.5% for 2004 and 2005. NCR FSG Ltd Dundee paid 3% in 2003 and 5% for both 2004 and 2005. Sandvik Cormorant paid 2.5% in 2003, 2% in 2004 and 5.5% in 2005. Corus Engineering paid 2% in 2003, 2.5% in 2004 and 4.5% in 2005.

Shift Premiums:

Shift premiums vary widely across the various industrial groups and workplaces. The average day shift premium is 13.5% and the average night shift premium is 27%. The table below shows the variation in shift premiums.

Company	0600-1400	1400-2200	2200-0600	Continental	Other
Linde Material Handling	25	25	33.3		
Babcock BES Rosyth Dockyard	0	20	32	37	
Eaton Electric	15	17.5	24.5	17.5	
Pegler Ltd Doncaster	22	22			
VT Shipbuilding	1.25	1.3			
Land Rover	22.6	22.6	33.3		
BAE Systems		33	33		
George Barkers	1.2	1.2	1.3		
Delphi Diesel Systems	14.5	14.5			26.5
Electrolux	20	20	33		
Delphi Lockheed Automotive	16	16	23		
BEM Brush		29	33		
NCR FSG Ltd Dundee	1.25	1.25	1.3		
Rolls Royce Power Engineering	33	33	50		
Ford Motor Company	11	11			
Jaguar Cars	16.6	22.6	33.3		
NSK Bearings Europe	10	22	33	30	
Delphi	14.5	14.5	38.75		
GKN Autostructures	13.5	13.5	21		
Corus plc	10	10	15	30	
Finnveden Powerstrain		20	30		
Sandvik Coromant	15	20	30		
GKN Autostructures	10	10	15		
Koyo Bearings	10	12.04	24	26.5	
BAE Systems Govan		1.3	1.3		
BMW Group UK		25	33		
Visteon	13	24	33.5		
SKF UK Ltd	15	15	40	30	66(W)
Hughes Christiansen	15	22	32	39	

Pay Comparators:

The following information is taken from the IDS Engineering Survey 2006 Results (salaries indicated are midpoints/spot rates). For comparison, the Amicus pay survey results are in red.

	Lower Quartile	Median	Average	Upper Quartile
Grade 1	13,742	15,614 15,313	15,965 15,680	17,928
Grade 2	15,474	17,644 17,114	17,648 17,335	19,701
Grade 3	17,942	19,500 18,082	20,060 16,425	21,887
Grade 4	19,167	20,815 19,480	21,569 19,624	23,744
Grade 5	20,276	23,040 19,548	22,968 20,375	24,912
Grade 6	19,487	23,018 21,062	22,742 22,611	25,219
Grade 7	23,040	26,201 25,782	26,893 26,474	29,601

The comparison between the IDS figures and the Amicus figures shows a consistent pattern. For each Grade the Amicus findings for the mean and median pay rates are consistently below the IDS figures. This is because the IDS figures are more likely to have come from negotiated agreements whereas the Amicus survey purposefully sampled small and medium sized enterprises, as well as including some of the larger firms.

The purpose of sampling a broad spectrum of firms was to establish pay bands for each Grade of worker that are achievable for a future co-ordinated bargaining campaign to take place. The recommended pay bands are listed below.

Summary:

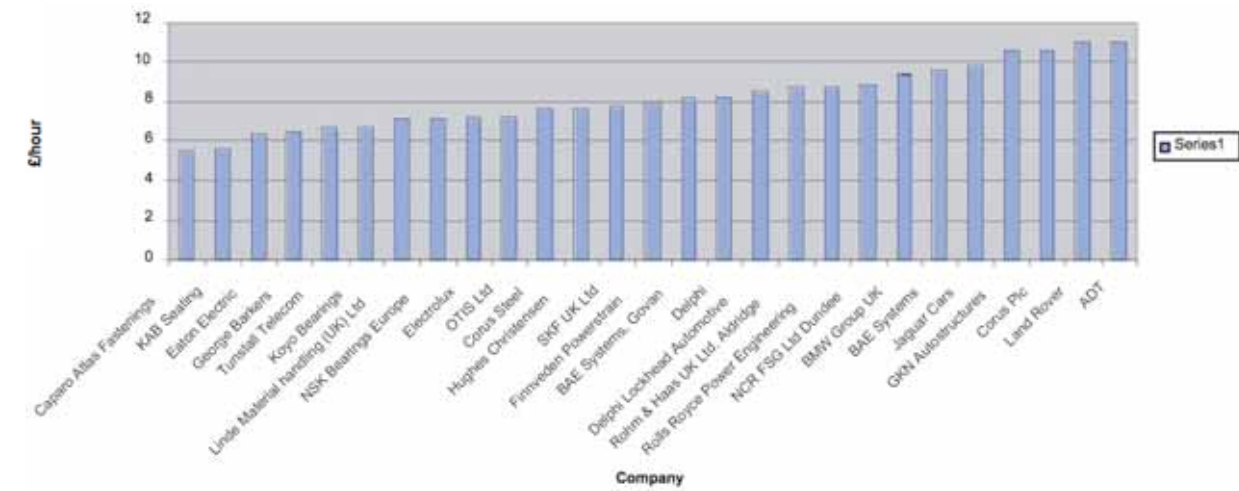
There is evidence to suggest that employers of engineering grade workers use benchmarks from other employers to determine pay levels by region, industry and job specification, in a similar way to what happens in the automotive industry. It should also come as no surprise that where union membership is high and union representatives are heavily engaged in the pay bargaining process, wage levels are higher and staff benefits are better. This is highly evident in the Aerospace and Motor Vehicles sectors.

In the sectors used for this survey, merit pay progression is particularly rare. There remains a strong focus on offering 'the rate for the job'. There are higher pay rates for those workers in highly skilled and high performance workplaces, but the focus of this survey was to identify rates of pay in small and medium sized companies that employ engineers. These are the companies where pay rates are historically lower than the big companies. This is especially true for companies in the electronics and electrical engineering sectors.

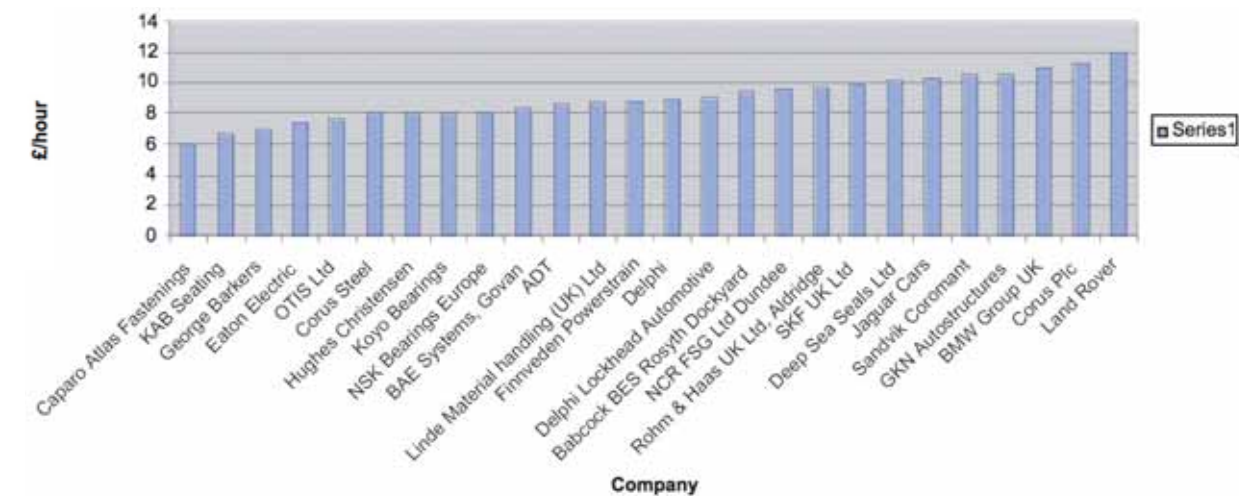
Amicus believes that the most effective way to achieve a fair and consistent approach to reward in the manufacturing sector is to establish a series of benchmarks for engineering grades based on skill levels. This will mean that minimum time rates based on skill levels will help to restore an improved and more sustainable employee pay structure. This would also have a positive effect on the skills training provision in companies and would encourage the use of career maps and skills sets. This in turn should encourage young people to consider engineering as a career, and reverse the current problems the sector has with recruitment, retention, training and staff development.

Appendix 1: Hourly Pay Rates by Company for Grades 1-7

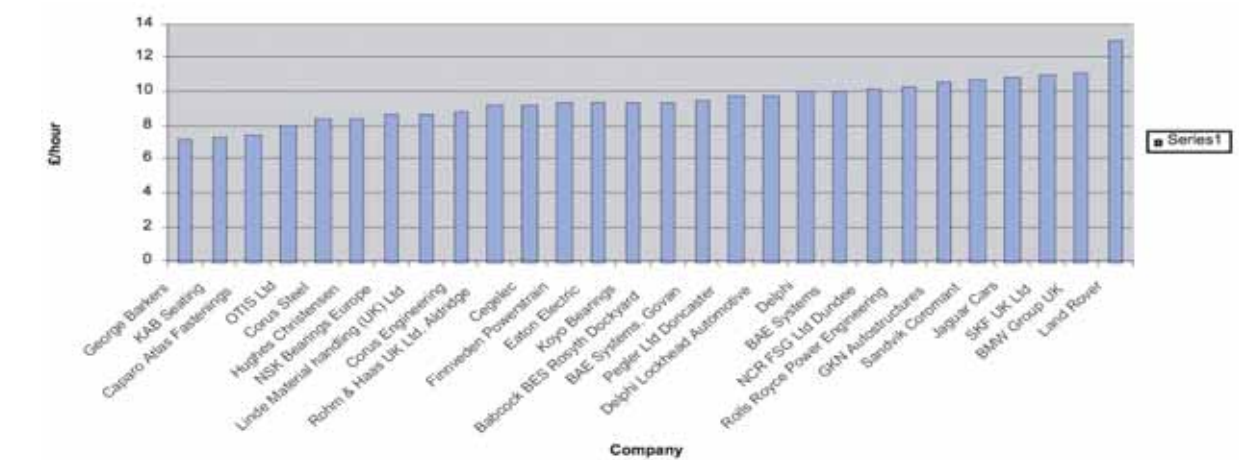
Grade 1 Hourly Rates By Company



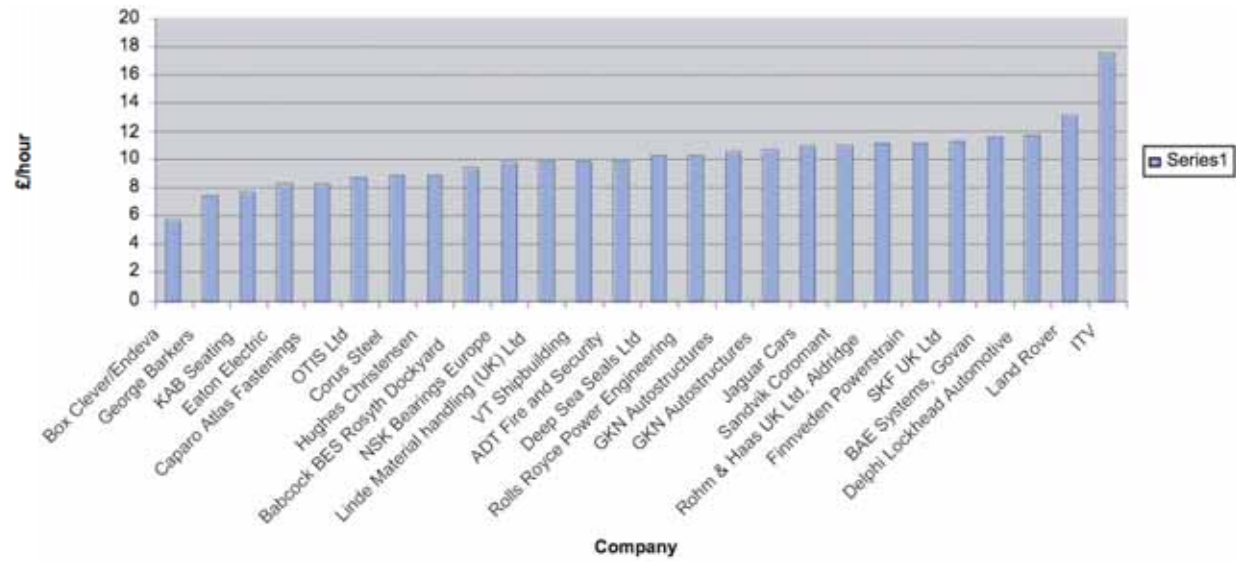
Grade 2 Hourly Rates By Company



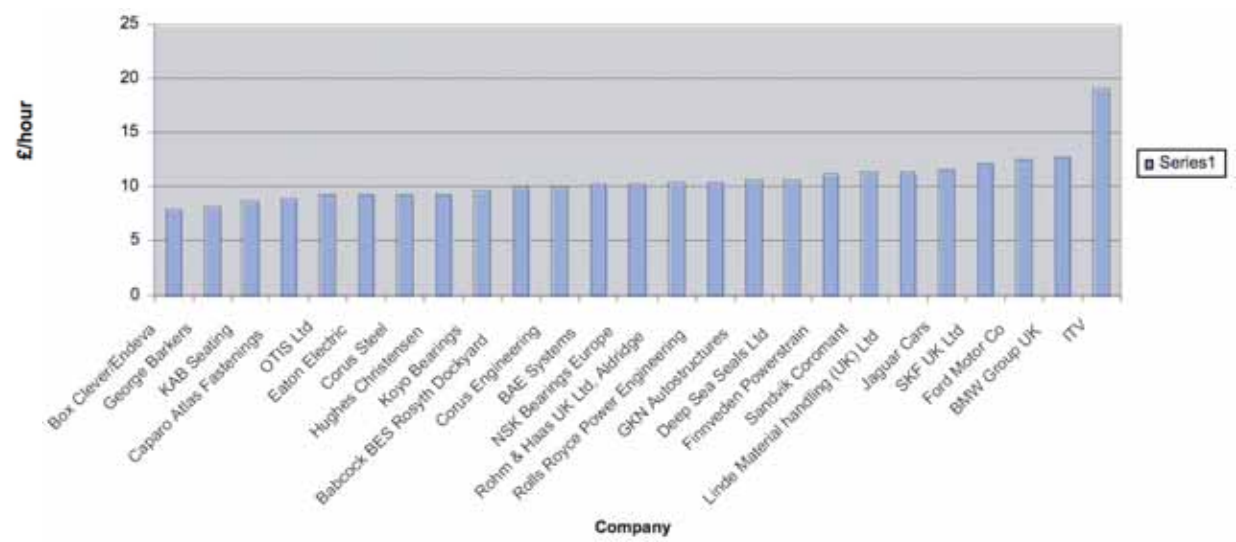
Grade 3 Hourly Rates By Company



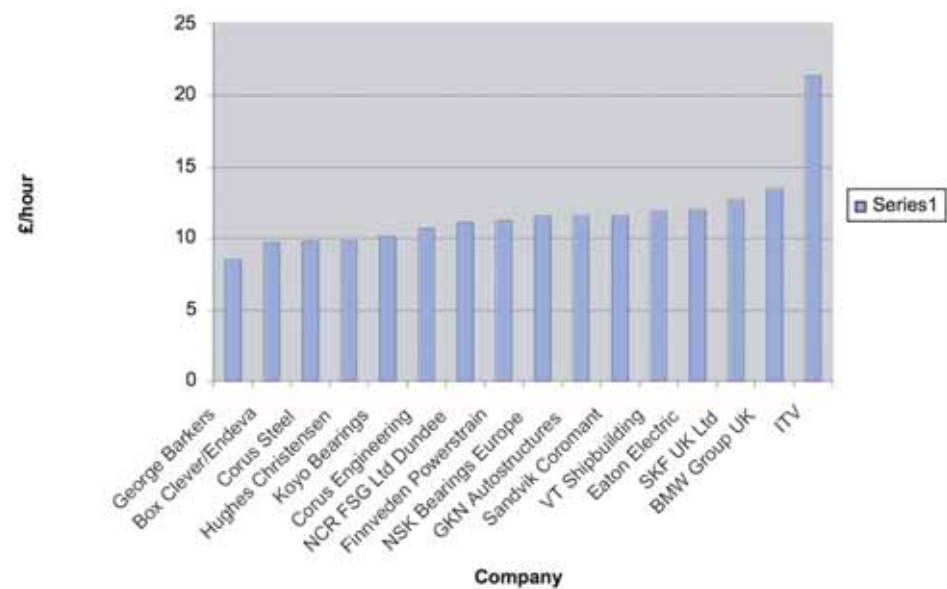
Grade 4 Hourly Rates By Company



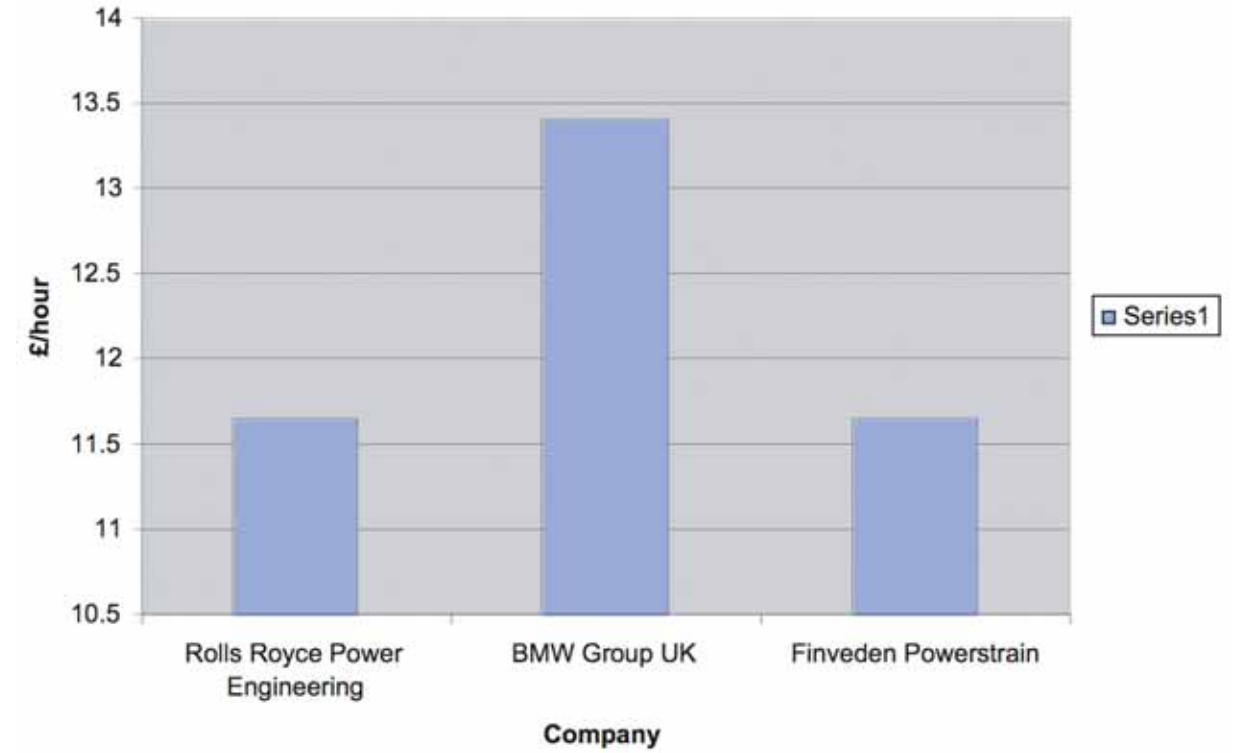
Grade 5 Hourly Rates By Company



Grade 6 Hourly Rates By Company



Grade 7 Hourly Rates By Company



Appendix 2: Case Study on Apprentice Pay and Benefits in the Amicus Eastern Region

Companies, Amicus shop stewards and reps in the Eastern region took part in a survey on Apprentice Pay during Summer 2006.

Respondents supplied information on:

- The roles apprentices typically fill
- Pay for Apprentices
- Working hours for apprentices
- Retention Rates
- Pay rises applicable to apprentices

This local snapshot of apprentice terms is a useful addition to the information gathered in the main survey.

Respondents:

Employer	Business Activity	Apprentice Role
British Sugar plc	Sugar Manufacturing	Fitter/Electrician
Perkins Engines Ltd	Engine Manufacturing	Maintenance
TKA Talent Chassis	Automotive Engineering	Electro Mechanical Maintenance/Toolmaker
Atco Qualcast Bosch	Lawn/Garden Equipment Manufacture	Electrical Maintenance
Morrison Cleanaway Ltd	Local Government Service Provider	Fitter/Turner
Tulip Ltd	Bacon Packing	Mechanical Engineer
Goodrich Power Systems	Power systems for civil/military vehicles	Manufacturing
Geesink Norba	Waste Transportation Vehicles	Trainee Craftsman
East & North Herts NHS	Health Care	Multi Skilled Technician
Delphi	Diesel Injection	Maintenance Electrician
Climate Control (SE Ltd)	Air Conditioning and Refridgeration	Air Conditioning
Ipswich Buses Ltd	Public Transport	Skilled Fitter

Apprentice Pay (Figures are in GBP)

Employer	Start Pay (hourly)	Start Pay (weekly)	Start Pay (annual)	Final Pay (hourly)	Final Pay (weekly)	Final Pay (annual)
British Sugar plc	4.14	157.46	8188	4.24	161.15	8380
Perkins Engines Ltd	4.16	162.24	8438.48	6.83	266.37	13851.24
TKA Talent Chassis	4.22	156.14	8119.28	8.46	313.02	16277.04
Atco Qualcast Bosch	4.036	151.35	7870.2	8.5	318.79	16577.08
Morrison Cleanaway Ltd	4.08	158.98	8266.96	7.04	274.61	14279.72
Tulip Ltd	3.7	136.9	7118.8	8	296	15392
Goodrich Power Systems	4.68	173.08	9000	8.836	326.92	17000
Geesink Norba	8.27	330.8	17201.6	11.31	452.4	23524.8
East & North Herts NHS	4.87	182.69	9500	7.538	282.69	14700
Delphi	4.63	171.31	8909.12	7.29	269.73	14025.96
Climate Control (SE Ltd)	3.8	152	7,904	4.3	172	8,944
Ipswich Buses Ltd	3	112.5	5850	9.12	342	17784
Average	4.4655	170.45	8,864	7.622	289.64	15,061
Median	4.15	158.22	8,227	7.769	289.345	15,046

Hours Worked by Apprentices and Applicable Salary Rises

Employer	Hours	Last Pay Rise
British Sugar plc	38	Sep-06
Perkins Engines Ltd	39	20.6% - 2006
TKA Talent Chassis	37	Jan-06
Atco Qualcast Bosch	37.5	Jun-05
Morrison Cleanaway Ltd	39	Apr-06
Tulip Ltd	37	Sep-06
Goodrich Power Systems	37	n/a
Geesink Norba	40	n/a
East & North Herts NHS	37.5	Apr-06
Delphi	37	Feb-06
Climate Control (SE Ltd)	40	Not for 18 months
Ipswich Buses Ltd	37.5	Apr-06
Average	38.0416667	

Apprentice Drop out Rates and Union Membership

Employer	Drop out rate	Apprentice Union
British Sugar plc	less than 1 in 10	Amicus
Perkins Engines Ltd	1 in 10	Amicus
TKA Talent Chassis	1 in 5	Amicus and GMB
Atco Qualcast Bosch	less than 1 in 10	Amicus
Morrison Cleanaway Ltd	1 in 10	Amicus/UCATT
Tulip Ltd	Don't know	Amicus
Goodrich Power Systems	less than 1 in 10	Amicus
Geesink Norba	Don't know	Amicus
East & North Herts NHS	less than 1 in 10	Amicus
Delphi	less than 1 in 10	Amicus
Climate Control (SE Ltd)	more than half	Amicus
Ipswich Buses Ltd	less than 1 in 10	Amicus

