

Pay for craft workers at Heathrow T5

Pay, bonuses and practices under the Major Projects Agreement

There are currently around 1,800 electricians, plumbers and heating and ventilating engineers at BAA's Heathrow Terminal 5 site as the mechanical and electrical installation work reaches its peak. The numbers will start to reduce through 2006 as these disciplines complete their work. These trades have been working under the new Major Projects Agreement (MPA) and as the hourly productivity bonuses have been increased by from £4.00 to £4.25 an hour from February 2006, we review the pay and working practices at this unique site the size of Hyde Park.

BAA plc adopted the Major Projects Agreement on its Heathrow Terminal 5 site in December 2003. The MPA is a framework agreement covering the mechanical and electrical construction disciplines. A supplementary agreement was also introduced to address the specific needs of the Terminal 5 project, and this is called the Supplementary Project Agreement (SPA). Partners to the agreement are Amicus, representing the mechanical, electrical and plumbing trades, and the four contractors' associations, the Association of Plumbing and Heating Contractors (APHC), the Electrical Contractors' Association (ECA), the Heating and Ventilating contractors' Association (HVCA) and SELECT, the Electrical Contractors' Association of Scotland.

BAA has been the first and, so far, only client for the Major Projects Agreement, but Secretary of the MPA Forum, Steve Brawley, hopes that other large construction projects will be encouraged to sign up to the framework agreement in light of the experience of the MPA at Terminal 5. He says that the MPA has delivered increased productivity and performance, through improved industrial relations, integrated team working and practices such as 'bell-to-bell' working.

Pay and productivity bonuses

There have also been enhancements to pay to encourage increased productivity in the form of additional hourly performance payments. These have been increased by 6.25 per cent in total from 1 February 2006 raising the hourly bonus potential to £4.25 an hour.

The mechanical and electrical trade associations involved in the MPA and SPA have their own national industry agreements on pay, terms and conditions for their operatives. The MPA and SPA do not replace them but do provide an additional collective agreement. The industry agreements are those of the Electrical Contracting JIB, the Heating, Ventilating, Air Conditioning, Piping & Domestic Engineering JCC and the Plumbing and Mechanical Engineering Services JIB.

The Electrical Contracting JIB agreement increased hourly rates by 4.5 per cent from January 2006, under the second year of a three-year deal. This

Parties to the MPA at Terminal 5

Amicus

Association of Plumbing & Heating Contractors

Electrical Contractors' Association

Heating & Ventilating Contractors' Association

SELECT (Scottish Electrical Contractors' Assoc)

took the basic hourly rate for an approved electrician to £13.42 within London area. The Heating and Ventilating Contractors' Association agreement increased basic rates by 5.1 per cent from 3 October 2005 in the final year of a three-year deal. This took the basic rate for a senior craftsman with a gas and arc welding certificate to £11.80 an hour, and the PMES JIB increased rates in line with these.

The MPA provides for fixed performance payments for productivity commitments, and these payments were increased by 4.5 per cent from 1 February 2006. The Major Project Performance Payment (MPPP) within the M25 motorway rose from £3.25 an hour to £3.40 an hour for the craft grades. It is due to rise by 5 per cent with effect from 1 February, 2007 – again in line with the annual increase to hourly basic rates due from January 2007 under the Electrical Contracting JIB. There is also a Terminal 5 Supplementary Project Agreement Performance Payment Scheme (SPAPP) to reward employees for enhanced performance and productivity. To attract this payment employees are expected to achieve a sustained level of productivity. The hourly payment applies to all disciplines and grades with the exception of trainees and apprentices for whom the rate is pro-rated.

The performance payments effective from 1 February 2006 potentially provide a further £3.40 an hour and under the Supplementary Project Agreement there is another 85 pence an hour for enhanced performance and productivity, bringing the bonus potential up to £4.25 an hour. These MPPP and SPAPP payments are not included in any calculation of premium pay, so any overtime worked attracts the premium payments under the relevant national industry agreement.

Major Project Performance Payments inside the M25 from 1 February 2006 and 1 February 2007

Grade	1.2.06 £ph	1.2.07 £ph
Skilled craftsman & higher grades	3.40	3.57
Electrical improver	3.06	3.21
Senior graded electrical trainee	3.06	3.21
Labourer, adult trainee, mate, senior modern apprentice, stage 4 apprentice	2.72	2.86
Stage 3 apprentice	2.55	2.68
Mate (17-18 yrs), adult trainee (under 21)	2.04	2.14
Stage 2 apprentice, intermediate modern apprentice	1.87	1.96
Stage 1 apprentice, mate (under 17), junior modern apprentice	1.36	1.43

Overtime was limited because of the planning restrictions which apply on the Heathrow site, but ten hours a week was typical. In the tables below we show the typical earnings for an approved electrician and an advanced plumber and gas service fitter working under the MPA from February 2006. There are also travelling time and fare allowances set down in the SPA and these allowances vary with the distances employees have to travel from their homes to the T5 site. Travelling time allowances are typically between £1.46 and £2.14 a day for journeys between 5 and 15 miles each way.

New working patterns

The standard working week for the electricians, plumbers and gas and ventilating fitters is harmonised at 38 hours under the MPA and all premium or overtime payments apply after the standard 38 hours have been worked. Under the planning restrictions at the T5 site working hours had previously been restricted to 7am to 7pm on weekdays and 7am to 4pm on Saturdays, with no Sunday working allowed, so there was limited overtime available. Recently BAA were able to gain some flexibility on the planning consents and two new working patterns have been introduced on the T5A terminal building. There is a nightshift of four 12-hour nights and a shift of a 12-day fortnight. Workers receive premium rates and night shift premiums for any work outside the normal 38-hour week.

Supplementary Project Agreement Performance Payment at 1 February 2006 and 1 February 2007

1 February 2006	£0.85 an hour
1 February 2007	£0.93 an hour

Integrated team working

In a departure from the practice of most major construction programmes, at Heathrow's Terminal 5, the client, BAA employs the main contractors, who are called first tier suppliers. The first tier suppliers on the mechanical and electrical side working under the MPA agreement are AMEC, Crown House Technologies, Hotchkiss and Balfour Kilpatrick. BAA staff and the first tier suppliers work as integrated teams on the project management of the site and on issues such as the design, security, industrial relations and infrastructure of the project.

The sub-contractors also work under the terms of the MPA so, with the first tier suppliers, there are 20 contractors on the Heathrow site working to the MPA and applying integrated team working. Among of the mechanical and electrical trades, craft operatives, labourers and apprentices from the plumbing, heating, ventilating and electrical disciplines work alongside each other. Evidence from a study by Baker and Mallett, compliance auditors, into implementation of the MPA suggests that this has been working well with none of the demarcation problems often associated with construction work.

Bell-to-bell working

For the first time on an M & E project 'bell-to-bell' working has been introduced, although it has been included in the engineering construction NAECI agreement since 1981. Instead of arriving at work, clocking on and then going for a cup of tea before changing into working clothes and going to the work face, bell-to-bell working involves clocking on when ready to start work. The Terminal 5 site is the size of Hyde Park so operatives are generally bussed from the car parks to their particular work compound, where they have a cup of tea, change into their protective clothes and then clock-in at a point 'as close as practicable to the work face'.

Approved electrician

Basic hourly rate	£13.42
Performance payment (MPPP & SPAPP)	£4.25
Total hourly pay	£17.67
Basic weekly pay for 38 hours	£671.46
Assumed overtime of 10 hours at T+½	£200.13
Total pay	£871.59 a week (£45,322 a year)

Advanced plumber & gas service engineer

Basic hourly rate	£11.80
Performance payment (MPPP & SPAPP)	£4.25
Total hourly pay	£16.05
Basic weekly pay for 38 hours	£609.90
Assumed overtime of 10 hours at Premium 1 rate (£4.85ph)	£166.50
Total pay	£776.40 a week (£40,373 a year)

This practice was introduced from the first day of the contract, so is accepted as the norm by the workforce. It has made a significant difference to productivity, making the best use of productive time which would be lost under the usual clocking-on system.

Over the next few months the phased run-down of the mechanical, plumbing and electrical disciplines will begin and by the end of the year there are likely to be only a quarter of the peak number left on the site. During 2007 work will be devoted to commissioning, installing and testing systems such as the baggage handling facilities and fitting out the shops and restaurants. The official opening of BAA's Heathrow Terminal 5 is due to take place at 4am on 30 March 2008.

A recent study of the implementation of the MPA at Terminal 5 by compliance auditors, Baker and Mallett is available on the MPA Forum website at www.mpaforum.org.uk



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