

Q & A BRIEF ON THE MAJOR PROJECTS AGREEMENT (MPA)

*“The MPA provides major building services engineering projects with a 21st century employment framework and the job now is to apply it and make it work well so that performance improvements are achieved. Clients, main contractors, employers, employees, the Trade Union and the Employers’ Associations all have a key part to play. Nobody can opt out.” – **Sir Michael Latham, Chairman of the MPA Forum***

*“The construction industry needs investment. Clients need certainty. Adversarial industrial relations take us nowhere. The Major Projects Agreement is a new strategy for the employment of people on major projects. The building services engineering sector has to improve its performance and the MPA is the best chance for many years of really changing the culture, recognising the contribution of our members and taking our industry forward within an ethos of Respect for People ” - **Paul Corby, National Officer, Amicus – Trade Union Co-ordinator***

*“The MPA presents us with a great opportunity. We all have to commit to making the new Agreement work and really take it seriously. The challenge now is to train and support our managers, engineers and supervisors on site to understand what we are asking them to do with the MPA and to achieve the potential for improvement it can give us” – **George Ashcroft – Employers’ Co-ordinator***

What is the Major Projects Agreement (MPA)?

The Major Projects Agreement (MPA) is a new performance and employment framework for building services engineering on the largest projects. Building services engineering comprises the mechanical, electrical and plumbing disciplines.

The MPA is a vehicle for delivering improvements in performance on these projects through the application of a collective agreement which aims to provide both a framework for industrial relations stability and a progressive change of culture on major projects.

It has been agreed by the following parties:

- *Amicus*
- *The Association of Plumbing and Heating Contractors (APHC)*
- *The Electrical Contractors' Association (ECA)*
- *The Heating and Ventilating Contractors' Association (HVCA)*
- *SELECT (The Electrical Contractors' Association of Scotland)*

Why has the MPA been introduced?

Because the industry recognises that clients want improved performance, based on a modern employment framework which can deliver good industrial relations and a change in the culture on major projects. The MPA recognises that whilst the traditional industry collective agreements continue to work well, large projects have special needs and require a different approach.

The parties to the MPA believe that clients want certainty and wish to mitigate risk, including the risk of poor industrial relations and poor performance on their projects. The MPA does not of itself guarantee these objectives, but it provides the framework for their delivery.

Many other initiatives are underway to achieve improved performance by the M&E disciplines, including:

- *Using Partnering and Alliancing Strategies;*
- *Developing Supply Chain Integration;*
- *Using Integrated Supply Teams;*
- *Using Key Performance Indicators;*
- *Providing combined building services engineering work packages;*
- *Providing an early input to building services engineering design;*
- *Using a whole life approach to construction.*

It is intended that the MPA will support and complement these initiatives.

What are the main objectives of the MPA?

The main objectives of the MPA are:

- *To provide a robust modern industrial relations framework for major projects;*
- *To improve the performance and productivity of the mechanical, electrical and plumbing disciplines;*
- *To reward the achievement of high productivity by employees;*
- *To support the completion of each project to time and within budget;*
- *To introduce Integrated Team Working and Joint Work Planning.*

How is a Major Project defined?

The MPA Forum is responsible for agreeing that a project should be Designated for the application of the MPA. The factors to be taken into account by the Forum before making a decision on whether or not a project warrants Designation are as follows:

- *The views of the Client;*
- *The nature, technical complexity, size, anticipated manpower, contractor interfaces and value of the project;*
- *The planned duration of the site-based construction and installation aspects of the project;*
- *The need to ensure industrial relations stability;*
- *The significance of any industrial relations issues likely to arise on the project in relation to other projects or to the Industry generally;*
- *The location of the project and the anticipated effect on other projects and on the labour market in the vicinity.*

Does the MPA replace the traditional collective agreements which are used within the building services engineering sector?

No. The MPA provides a common approach to key issues on a major project but the other terms of the long-established industry agreements will continue to be used. These agreements are:

- *The Joint Industry Board National Working Rules for the Electrical Contracting Industry, negotiated by the ECA and Amicus;*
- *The Scottish Joint Industry Board National Working Rules, negotiated by SELECT and Amicus;*
- *The Heating, Ventilating, Air Conditioning, Piping and Domestic Industry Agreement negotiated by the HVCA and Amicus;*
- *The Joint Industry Board for Plumbing Mechanical Engineering Services National Working Rules, negotiated by APHC and Amicus.*

What are the key issues which are covered by the MPA?

The MPA has been designed to cover those issues where experience shows that a common approach is helpful on a large project. The key issues covered by the MPA include:

- *A standardised basic working week;*
- *A common approach to the measurement of workforce performance and payments for enhanced performance;*
- *Agreement on the efficient use of working time;*
- *The introduction of Integrated Team Working and Joint Work Planning;*
- *A Supplementary Project Agreement for each Designated Project;*
- *A single fast track method of dealing with any collective problems which may arise;*
- *A Forum to take responsibility for the MPA, its application and further development.*

How can the MPA deliver best practice on Major Projects?

Examples of best practice available through the MPA include:

- *A carefully crafted employment strategy designed specifically for the needs of major projects;*
- *A Supplementary Project Agreement (SPA) will be introduced on every Designated major project. The SPA will be negotiated by the parties at project level and will address the specific aspects of each project, and in particular the needs of the client;*
- *A Designated Representative will be appointed on each project. The Designated Representative will be the senior representative of the Trade Union on site and has been trained to support the effective application of the MPA and the speedy resolution of any issues which may arise at site level;*
- *The measurement of each workforce's productivity will take place, so that high performance is rewarded and any under-performance is addressed;*
- *Integrated Team Working will be introduced, providing a vehicle for individual trade disciplines to work more together more closely and effectively;*
- *Joint Planning Activities will be introduced, providing an opportunity for employees at the workface to engage in a productive dialogue with supervisors and engineers;*
- *Measures aimed at maximising the efficient use of working time will be used, including effective logistics, site layout and facilities;*
- *There will be an enhanced focus on health and safety issues, recognising that this issue is more and more critical and is also a key concern of Clients.*

Will the MPA lead to reduced costs for the Client?

The parties to the MPA believe that it has the potential to reduce project costs significantly by providing a performance and employment framework designed specifically for the needs of the largest building services engineering projects.

The MPA has also been designed to mitigate some of the risks inherent in the construction phase of the largest projects. Some major projects undertaken in the UK in recent years have encountered severe difficulties as a result of the following factors:

- *Poor industrial relations on site, including disputes and strike action;*
- *Low productivity;*
- *High labour turnover;*
- *Low morale;*
- *Failure to meet programme deadlines;*
- *Additional project costs.*

What is the role of the Client?

The Client plays a crucial role. In the first place each Client must decide whether he wishes to adopt the MPA for his major building services engineering project. This will involve a process of dialogue with representatives of the MPA Forum. The MPA will be introduced if the Client agrees that it would be beneficial to adopt it on his project.

The Client also has a key part to play in improving productive performance within the building services engineering sector. Examples of this include:

- *To involve building services engineering employers as early as possible in the design, layout and infrastructure of the project. This early activity can ensure that constructability issues are addressed within these disciplines and that the implementation of the CDM Regulations delivers maximum value.*

Examples of performance and productivity benefits which may be achieved by the early involvement of employers include:

- *Minimising non-productive time by ensuring that the logistics of the site are taken into account during the planning of workforce facilities;*
 - *Ensuring that there is a consistent approach to the quality of facilities and that these will be adequate for the projected workforce, together with a plan for additional capacity, if needed;*
 - *Addressing car parking, travel routes and any other project-specific considerations, including environmental matters.*
- *To provide building services engineering employers with accessible workfaces and reasonable underfoot conditions. Performance within the sector is particularly dependent on the ability of employees to work efficiently at the interfaces with other disciplines. Clear runs for the installation of materials and equipment allow performance and productivity to be optimised.*

When should a Client make a decision on the use of the MPA to his project?

It is anticipated that the full benefits of the MPA will be delivered if a Client decides to adopt the MPA early in the development phase of his project. An early decision allows

the Client to build the MPA into his project development strategy, so that the potential performance improvements can be maximised.

An early decision also allows the Client or main contractor to specify that bidders should tender in the knowledge that the MPA will apply on the project.

Interested Clients should contact the Secretary to the Forum, who will arrange an early discussion with representatives of the MPA Forum.

What is the MPA Forum?

The MPA Forum has been established under the chairmanship of Sir Michael Latham to take responsibility for the promotion and implementation of the MPA. The Forum comprises representatives of the parties who are signatory to the MPA. Its key objectives are:

- *To identify potential projects which may be suitable for the application of the MPA;*
- *To initiate discussions with the appropriate client representatives;*
- *Subject to agreement with the client, to Designate the project so that the MPA can be introduced;*
- *To endorse the terms of the Supplementary Project Agreement, which addresses the specific needs of an individual project within the framework of the MPA;*
- *To support the application of the MPA on all Designated projects and to develop the Agreement to meet the needs of clients in the future.*

How do I find out more?

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