

Industrial Relations

Best Practice Guide – no.1



Foreword – Industrial Relations

The ECIA Productivity Improvement Committee (EPIC) originally commissioned this Best Practice Guide on Industrial Relations to facilitate the sharing and utilisation of knowledge. From the information contained within the Guide, blueprints for improved work practices can be developed at local level to assist with improved productivity and performance.

‘Industrial Relations’ are closely related to Workforce Engagement, which describes the positive attitude and behaviour of a person at work. A positive stance to Workforce Engagement in turn creates an environment of good industrial or employee relations. For the purposes of this Guide, the term ‘Industrial Relations’ refers to the working relationships between Management and the employees that are covered by the collective bargaining arrangement determined by the NAECI. However, Workforce Engagement is also at the heart of good employment and Industrial Relations so please refer to the **Best Practice Guide ‘Workforce Engagement’**, published by the ECIA, for further information on this specific area.

This third edition of the Guide brings it into line with additional guidance identified since the first publication in 2013 and, through cross-referencing, enables the reader to fully utilise the other Best Practice Guides and Toolkit.

Companies are encouraged to actively apply the recommendations contained in the Guide, which was designed and developed to help improve productivity and to attract future financial investment in the UK.

For further information please do not hesitate to contact ecia@ecia.co.uk.

Third edition

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1. Introduction

The ECIA, in conjunction with its member organisations, Clients and Trades Unions, has developed a suite of seven Best Practice Guides and a Toolkit (consisting of an Assessment Tool and a Procedures Manual) to help drive improvements in productivity within the Engineering Construction Industry. The approach to the Guides has been to identify the factors or 'barriers to productivity' that have impacted upon previous projects or work and recommend the best practice that should be adopted to mitigate those barriers. The Toolkit enables members to check, implement and measure best practice in their own environment.

Many factors contribute to good productivity on any project, ranging from the design and planning of the work, contractual relationships, communication and engagement to the management of the work itself. The Best Practice Guides and Toolkit cover all aspects of the work from when the 'Front End Engineering Design' (FEED) has been undertaken through to completion of the work.

Industrial Relations are a key aspect of the relationship and interaction between Employers, represented by their Management, and the Workforce, represented by the Trades Unions. Effective Industrial Relations are built on the principles of good communication and engagement and a mutual respect for the needs of the project and the Workforce; they are essential to the success of any project.

The National Agreement for the Engineering Construction Industry (NAECI) continues to be a constant factor in establishing the foundation for harmonious Industrial Relations since its inception in 1981 and has developed over the years to support sound employment practices which can contribute to high levels of productivity and project success.

The NAECI remains the agreement of choice for the UK Engineering Construction Industry.

2. What Does this Guide Consider?



Many factors affect the Workforce and workplace but good Industrial Relations are essential for the success of a project. Although there is no single answer to creating a good Industrial Relations environment, the NAEI is seen as the Agreement of choice for the Engineering Construction Industry (ECI). The Agreement is fundamentally dependent upon establishing and maintaining effective communication, collaboration and the alignment of employee/employer expectations.

2.1 Approach

The term 'Industrial Relations' (also abbreviated to 'IR') refers to the interaction and relationships between employers and employees in terms of how each party should conduct themselves in their day to day working relationships. These relationships are influenced by the terms and conditions of employment.

Developing a good environment for Industrial Relations and HS&E ('Health, Safety and Environmental') is the key to successful employment collaboration, with the two main parties (Employee and Employer) engaging according to the following principles:

- **Employee:** good performance, ideas, conduct, commitment, safety and collaboration
- **Employer:** fair pay, safety, welfare, communication, collaboration, equal opportunities and effective policies and procedures.

Key Areas Considered

Key areas that this Guide considers include:

- Project planning, including Client responsibilities
- IR content within contract requirements
- Managing Contractor selection
- Development of a Supplementary Project Agreement (SPA)
- Project IR Framework
- Subcontractor selection
- Project Joint Council set-up

- IR during engineering construction, including the role of Management and Supervision in administering the NAECI
- Project Close-Out, including lessons learned and feedback
- Long Term Repair and Maintenance and Major Events.

2.2 Benefits of Good Industrial Relations

Good Industrial Relations are typified by:

- Enhanced employer/employee relationships
- Better communication
- Enhanced creativity
- Improved attendance levels
- Improved customer service and satisfaction
- More effective team-working
- Greater commitment
- Lower employee turnover
- Improved contribution to the team
- Improved performance and productivity
- Positive attitude towards work
- Better organisational reputation
- Effective recruitment
- An improved competitive edge
- Effective dispute resolution.

3. Industrial Relations in Engineering Construction

What are the key project phases where Industrial Relations plays a role?

Industrial Relations applies to all phases of a project through from Project Planning to the Project Close-Out Report and beyond

Section 3 summarises the key phases in a project lifecycle and the important activities which relate to IR during each phase

This section gives an overview of the key phases in an engineering construction project and includes the actions and tasks that pertain to Industrial Relations in each phase.

The phases of a project described here relate primarily to new-build projects, however they can equally apply to Long Term Repair and Maintenance and Major Events. For specific details on these types of project, refer to **Section 13**.

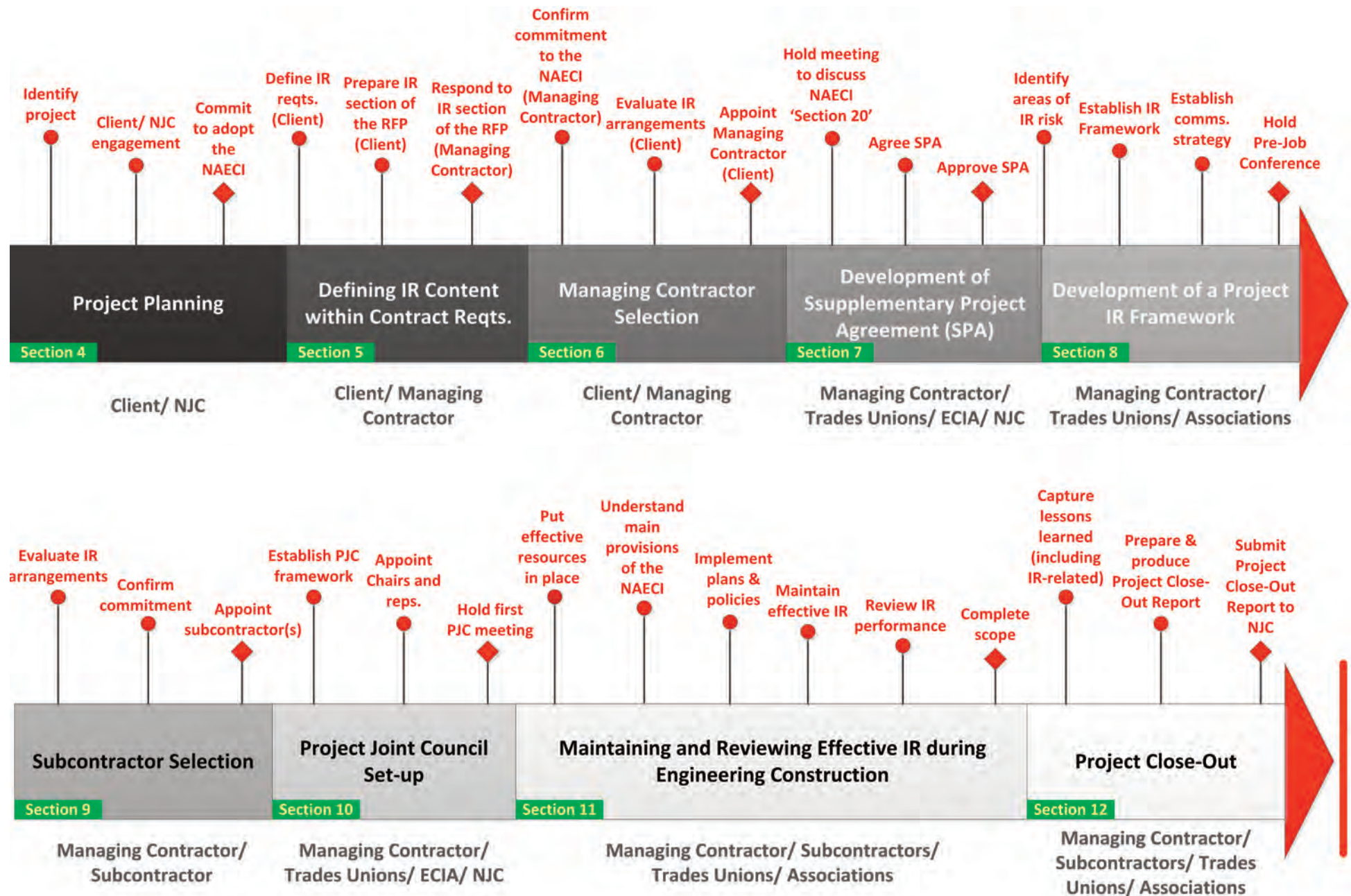
3.1 Overview of Project Activities and Events

This section contains a process flow with key activities and events shown within each project phase and is designed to provide a point of reference and assist in reader orientation when using this Guide.

Please note the following key to the process flow:

● = activity

◆ = event / milestone



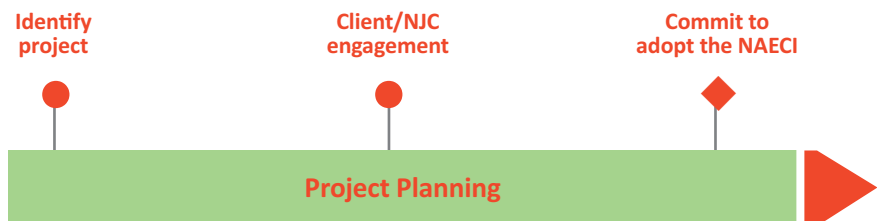


4. Project Planning



This section is intended to assist Clients in the initial stages of a new-build engineering construction project, describing the key considerations for the Project Planning phase.

There are two key activities in this phase, followed by one key event. These are shown in the diagram below:



4.1 Identification of the Project

The NAECI provides a clear framework for the management of Industrial Relations that will benefit the Client, as it ensures a consistent approach for construction activities, regardless of how the Client decides to procure the work. An early decision by a Client to commit to the use of the NAECI on a project forms the basis for a good Industrial Relations Strategy, which is supported by both Trades Unions and Employers. It also assists the National Joint Council (NJC) in giving the Client advice to address employment relations matters prior to contractors being appointed for construction activities.

It is a requirement of the NAECI that signatory organisations and Trades Unions report impending significant projects to the NJC for the Engineering Construction Industry. This notification assists the NJC in tracking new projects and enables them to initiate engagement with the Client to discuss the adoption of the NAECI on a prospective engineering construction project.

4.2 Client/NJC Engagement

Engagement between the NJC and the Client, preferably before issuing requests for proposals, assists with early adoption of the NAECI and provision of additional employee relations support, if applicable.

The NJC can advise the Client as to the:

- Extent of other construction work that is on-going at regional and national levels
- Status of IR in the Engineering Construction Industry.

4.3 Commitment to Adopting the NAECI

It is preferable that the Client confirms to the NJC their commitment to using the NAECI prior to appointment of the Managing Contractor. Once this commitment has been made, the NJC can then provide advice and determine the level of support to be given/offered to the project taking into account factors including, but not limited to:

- The size and scope of the project
- The number of employees required at peak workload
- The duration of the project
- The number of contractors involved.

Additional Employee Relations Support

An additional level of employee relations support by the NJC may, after consultation with the Client and prospective Managing Contractor (if applicable), be recommended for major new-build projects; this can also apply to Long Term Repair and Maintenance or Major Events. Such support may include development of Supplementary Project Agreements (SPAs), establishment of project forums and use of independent auditors.

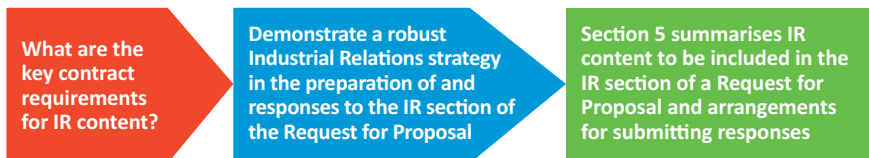
4.4 Best Practice

Proactive project identification	Client and NAECI signatory organisations who become aware of a project should notify the NJC at the earliest opportunity. The Notification Form is available from the NJC website (www.njceci.org.uk).
Client/NJC engagement	There should be early engagement between the Client and the NJC to assist with early adoption of the NAECI, preferably before issuing requests for proposals.
Commitment to the NAECI	The NJC should engage in a proactive approach with the Client to confirm commitment to the NAECI prior to the appointment of prospective Managing Contractors. The NJC can then provide appropriate advice. It is important to ensure that there is full commitment from all concerned to deliver effective Industrial Relations across the project in compliance with the NAECI.

4.5 Further Reading

Best Practice Guide(s)	<i>Guide 4 – Planning and Operations (Sections 3, 4, 5 and 6)</i> <i>Guide 5 – Workforce Planning (Sections 3 and 4)</i>
Procedures Manual	<i>Section 4 Phase 1 – Prepare (Procedure 4.4)</i> <i>Section 5 Phase 2 – Plan</i>

5. Defining IR Content within Contract Requirements



Engineering construction projects that secure early commitment to the NAECI from the Client benefit from being able to develop an effective Industrial Relations Strategy. This section (together with **Section 6**) is intended to assist Clients when putting in place contractual provisions that address the use of the NAECI as part of the required Industrial Relations Framework.

There are two key activities in this phase, followed by one key event. These are shown in the diagram below:



5.1 Client Definition of IR Requirements

Within this section, guidance is provided to Clients who should specify the Industrial Relations requirements in their Request for Proposal (RFP). For significant projects, it is important that the Client determines who will be responsible for the management of Industrial Relations and that the contractor appointed to this role has the requisite skills to conduct the task; this contractor is normally referred to as the Managing Contractor.

Once Managing Contractor candidates have been identified, they should demonstrate their intentions with regard to the Industrial Relations Strategy on site in their proposed contractual arrangements.

Note:

It is important for the involved parties to understand each other's roles and responsibilities and mutual expectations.

Provision of Information in the RFP by the Client

- Details of the NAECI and any other relevant working agreements to be used
- Information on any similar relevant projects
- Requirements for Welfare Facilities
- Any known local Industrial Relations issues, whether on-going or historical
- Name of Client's Industrial Relations representative(s) responsible for IR matters.

Information Required from the Contractor

- Details of Company Industrial Relations procedures
- Draft Industrial Relations Strategy detailing how the project will be managed (see **Procedure 4.3** in the **Best Practice Procedures Manual**)
- Name of Industrial Relations representative allocated to the project
- Procedures for selection of subcontractors to ensure Industrial Relations are addressed
- Previous experience with managing Industrial Relations on similar projects
- Labour resourcing
- Trades Union engagement strategy
- Industrial Relations subcontract strategy (see **Procedure 4.7** in the **Best Practice Procedures Manual**).

Note:

Where a Client has not specified the NAECI and the Managing Contractor is a member of the ECIA, the Managing Contractor should consult with the ECIA.

5.2 Preparation of the IR Section of the RFP (Client)

The Client should prepare the IR section in the Request for Proposal to ensure:

- Full compliance with the NAECI, including mandatory 'direct employment' and a framework for delivery of a NAECI compliant payroll
- Effective management of the employment lifecycle from recruitment and selection through to termination of employment.

Industrial Relations Strategy for Subcontractors

The Industrial Relations element of the subcontract strategy should:

- Ensure that all Management Teams within the supply chain know and fully understand their IR responsibilities and the resources required to manage IR
- Define the measures that will be taken to ensure that the selected subcontractors and suppliers are capable of delivering the scope of works in compliance with the NAECI
- Ensure that the subcontractor or supplier will be capable of delivering their obligations under the NAECI and the Project Plan

- Describe how communications on IR-related issues between subcontractors and the Client are to be assessed and maintained
- Describe how on-going subcontractor compliance with Industrial Relations requirements is to be monitored and assessed.

5.3 Response to the IR Section of the RFP (Managing Contractor)

Prospective Managing Contractors should ensure that their submitted responses to the IR section of the Request for Proposal are as comprehensive as possible with respect to Industrial Relations. This is so that the Client can assess the suitability of the Managing Contractor's proposed arrangements for the project.

The Client's assessment team should ensure that the Managing Contractor has delivered all the Industrial Relations information requested, so as to enable a thorough assessment of responses. Guidance on the assessment process for Industrial Relations is provided in *Section 6*.

5.4 Best Practice

Client IR requirements	The Client should define and include IR requirements as part of the IR section of their Request for Proposal.
Managing Contractor IR arrangements	The Managing Contractor should clearly demonstrate the suitability of their IR arrangements in their response to the IR section of the RFP.

5.5 Further Reading

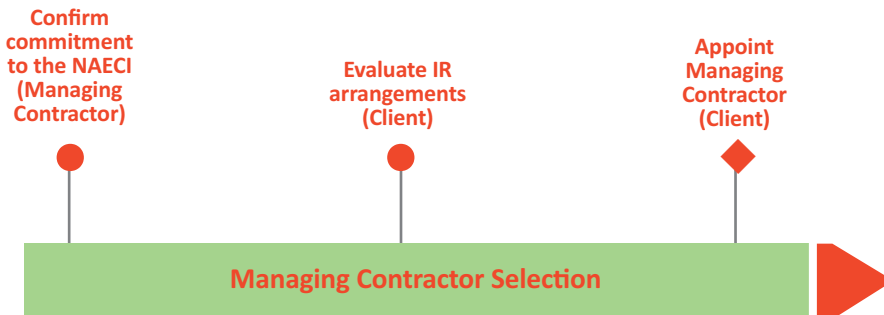
Best Practice Guide(s)	<i>Guide 2 – Workforce Engagement (Section 8)</i> <i>Guide 3 – Contract Management (Sections 3, 4 and 5)</i> <i>Guide 4 – Planning and Operations (Section 4)</i>
Procedures Manual	<i>Section 4 Phase 1 – Prepare (Procedures 4.3, 4.4, 4.7 and 4.8)</i> <i>Section 5 Phase 2 – Plan (Procedure 5.7)</i>

6. Managing Contractor Selection



This section is intended to assist the Client in selecting a Managing Contractor.

There are two key activities in this phase, followed by one key event. These are shown in the diagram below:



Model checklists of questions are included in **Appendix B**, containing examples that can be used when assessing a candidate's Industrial Relations Strategy. They can be tailored to suit a Client's specific requirements.

6.1 Confirmation of Commitment to the NAECI (Managing Contractor)

The potential Managing Contractor candidates should provide a satisfactory Industrial Relations policy statement which:

- Commits to compliance with the NAECI
- Identifies the people responsible for managing industrial and employee relations who are located on and off the project site
- Defines the communications process with the Client, the ECIA, the NJC, the recognised signatory Trades Unions to the NAECI, employees, contract tiers and the supply chain
- Gives details of the processes and procedures to be used for assessing all tiers of subcontractors, prior to contract award, to ensure that all of the relevant organisations are aware of their IR responsibilities

- Identifies methods of prioritising, avoiding, minimising and mitigating IR risk which may impact upon the delivery of the project
- Invests in the necessary resources required to implement the Industrial Relations Strategy.

When assessing potential Managing Contractors a checklist should be created, based on the guidelines given in the following sub-sections and the examples in **Appendix B**. These guidelines have been designed to demonstrate how the checklist operates and to enable the Client to develop a bespoke checklist that will suit their own unique project environment.

Planning

It is essential to ensure that the potential Managing Contractor candidates understand their contractual and statutory obligations relating to Industrial Relations and employment including:

- The relevant UK employment law and the policies and procedures required to manage and ensure compliance
- Consultation obligations for Health, Safety and Welfare requirements (see **Procedures 5.4** and **5.7** in the **Best Practice Procedures Manual**)
- Identification of the Industrial Relations issues that could be relevant to the project
- The NAECI terms and conditions, including Incentive Bonus Arrangements (IBAs)
- The Supplementary Project Agreement (see **Procedure 5.10** in the **Best Practice Procedures Manual**).

Supply Chain Selection and Management

To manage the supply chain, the potential Managing Contractor candidates should:

- Ensure that all Management Teams within the supply chain fully understand their IR responsibilities and have the necessary management resources
- Define the measures that will be taken to select the subcontractors and suppliers best suited to deliver the Industrial Relations Strategy
- Include an assessment of the ability of each subcontractor or supplier to comply with all statutory requirements so as to follow the complete project lifecycle
- Ensure that the subcontractor or supplier will be capable of delivering their obligations under the NAECI and the Client's project plans
- Describe how dealings on IR-related issues between subcontractors and the Client are to be managed
- Describe how on-going subcontractor compliance with Industrial Relations requirements is to be monitored and assessed.

Previous Experience

- Determine the Managing Contractor's experience of new-build/major events and/or repair and maintenance work in a unionised environment
- Consider the Managing Contractor's experience of working with the NAECI, the Engineering Construction Industry Association (ECIA) and UK Trades Unions.

Note:

The lack of past IR experience should not preclude consideration of a candidate, providing that a viable Industrial Relations Strategy is demonstrated for compliance purposes.

6.2 Evaluation of IR Arrangements (Client)

It is important for a Client to evaluate and satisfy themselves of the suitability of the key elements of a contractor's Industrial Relations Strategy. This evaluation should be made when contractors submit their RFP responses for the position of Managing Contractor to deliver the project.

6.3 Appointment of Managing Contractor (Client)

Before awarding the contract, a Client will make a decision as to which Managing Contractor to appoint based on their evaluation criteria. Best practice is to ensure that the contractor who is top of the Client's evaluation process has demonstrated that they have the capability to manage Industrial Relations effectively on the project.

Once the Client has determined their preferred contractor, it is important that the requirements of the Client, as set out in their RFP, are made into a contractual obligation within the terms of the contract between the Client and the Managing Contractor.

6.4 Best Practice

Assessment of candidates' IR suitability	Full evaluation of a Managing Contractor's IR arrangements should be made. See Appendix B for sample checklists which can provide guidance in this exercise.
Contractual obligation between Client and Managing Contractor	It is important that there is a contractual obligation set out between the Client and Managing Contractor for the management of Industrial Relations in accordance with the NAECI.

6.5 Further Reading

Best Practice Guide(s)	<i>Guide 2 – Workforce Engagement (Section 8)</i> <i>Guide 3 – Contract Management (Sections 3, 4, 5 and 6)</i> <i>Guide 4 – Planning and Operations (Sections 4, 5 and 6)</i>
Procedures Manual	<i>Section 4 Phase 1 – Prepare (Procedures 4.3, 4.4, 4.8 and 4.9)</i> <i>Section 5 Phase 2 – Plan (Procedures 5.4, 5.7 and 5.10)</i>

7. Development of Supplementary Project Agreement (SPA)

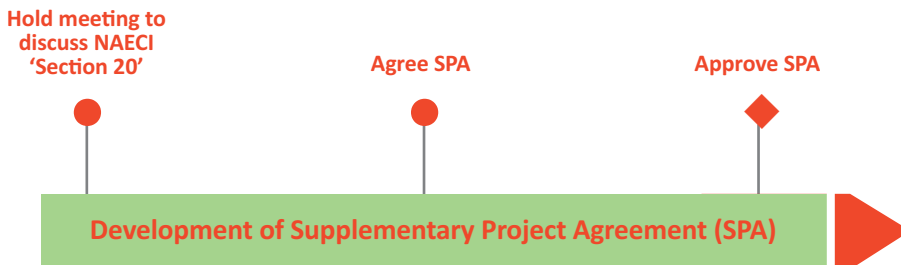


This section provides guidelines for the development and approval of a Supplementary Project Agreement (SPA).

Note:

An SPA needs to be in place at the earliest opportunity, but in any case no later than at the commencement of construction.

There are two key activities in this phase, followed by one key event. These are shown in the diagram below:



7.1 Holding a Meeting to Discuss NAECI 'Section 20'

Where a Client or Managing Contractor agrees to additional employment relations support for a forthcoming project, Major Event or Long Term Repair and Maintenance operations, the ECIA normally schedules a NAECI 'Section 20' meeting as soon as practicable after the Managing Contractor has been appointed. The purpose of the meeting is to initiate engagement, share information and align expectations in the initial phase of the works; this is to assist in the establishment and maintenance of harmonious Industrial Relations. The meeting is a precursor to local discussions with regard to any SPA negotiations, which do not form part of the agenda for this 'Section 20' meeting.

Meeting Arrangements

The ECIA is responsible for the scheduling of the meeting and the issuing of invitations. The early agenda items allow for the ECIA to discuss internal association matters with the Managing Contractor. Other signatory associations and Trades Union representatives are invited to attend for later agenda items, so as to discuss and share their relevant contributions.

Agenda

The agenda for a NAECI 'Section 20' meeting is tailored to suit the specific project/Major Event or Long Term Repair and Maintenance arrangements, and may include:

- Objectives of the NAECI 'Section 20' meeting
- Detailed project information:
 - Scope
 - Organisation
 - In scope NAECI activities
 - Safety
 - Training.
- ECIA structure and services
- The NAECI – recent lessons learned/new developments
- National/local employment relations matters
- Management's employment relations capability
- Trades Union matters
- Adoption of best practice.

7.2 Agreement of an SPA

Developing an effective SPA will reinforce the core terms of the NAECI, taking into consideration items of local significance. It will also establish the constitution and agenda of the PJ. (See **NAECI Part 3: Appendices – Appendix D.**)

The process for developing and agreeing an SPA is described in **NAECI Part 2: Categorised Work**. The Managing Contractor, with support from the ECIA, is responsible for producing the first draft of the SPA, which should form the basis for the initial discussions with the local Trades Unions.

Drafting the SPA

The following recommendations should be complied with:

- The draft SPA should reflect the overall project requirements. It is not necessary to repeat wording within the NAECI; reference to particular NAECI sections will suffice. The draft should include reference to any relevant communiqués or guidance notes previously issued by the NJC.

- An SPA should be agreed between the representatives of the Employers and the Trades Unions and then approved by the NJC well in advance of the start of work in scope to the NAECI.
- Enough time should be allowed for the circulation of the approved SPA to incoming contractors and employees.

Note:

*An SPA is **not** to be used to re-negotiate any core terms and conditions included in the NAECI.*

Content

For the NAECI Model Supplementary Project Agreement, which gives suggested content for the SPA, see **NAECI Part 3: Appendices – Appendix D**.

The following list gives some of the main items to be addressed in an SPA:

- A common Industrial Relations plan
- Commitment to the provisions of the National Agreement, for example basic rates
- The constitution of the PJC
- Brief description of the project strategy and the in-scope project works
- The membership and officers of the PJC
- The composition, function and powers of any PJC sub committee
- The definition of the PJC stages of the Dispute Procedure
- Training and contribution of Shop Stewards and safety representatives
- The auditing arrangements, if applicable
- Health, Safety, Environmental and Quality Assurance plans, including Drug and Alcohol policy (see **Procedure 5.4** in the **Best Practice Procedures Manual**)
- Welfare Facilities (see **Procedure 5.7** in the **Best Practice Procedures Manual**)
- Details of any Incentive Bonus Arrangements
- Obligations and specific site rules that may include: car parking, transport, security and induction
- Distribution of hours in the normal working week
- The overtime policy for the project
- Any specific holiday arrangements
- An appropriate project training plan
- Work that is in or out of scope to the NAECI.

7.3 Approval of the SPA

The agreed draft must receive approval from the NJC. It is possible to make changes to the SPA during construction if Employers and Trades Unions agree that it would be beneficial to the project. Any agreed changes must receive NJC approval.

Communicating the Content of the SPA

- Once approved by the NJC, the SPA must be circulated to all project contractors.
- Employee inductions must include a session that explains the SPA. Employees should sign to confirm formal acceptance of the terms and conditions of the SPA and the NAECI, following their induction.
- All parties should comply with the contents of the SPA.

Note:

Current SPAs are available on the NJC website (www.njeci.org.uk).

7.4 Best Practice

Meeting to discuss NAECI 'Section 20'	A meeting to discuss NAECI 'Section' 20 should be held as soon as practicable after the appointment of the Managing Contractor.
Drafting the SPA	The draft SPA should reflect the overall project requirements and scope and reinforce the core terms of the NAECI, taking into consideration items of local significance. It is not necessary to repeat wording within the NAECI; reference to particular NAECI sections will suffice.
Agreement, approval and communication of the SPA	The SPA should be agreed between Employers and the Trades Unions and approved by the NJC well in advance of the start of work in scope to the NAECI. Enough time should be allowed for the circulation of the agreed SPA to incoming subcontractors prior to commencement of construction.
Formal acceptance of the SPA and the NAECI	Employees should sign to confirm formal acceptance of the terms and conditions of the SPA and the NAECI, following their induction.

7.5 Further Reading

NAECI	<p><i>NAECI Part 3: Appendices – Appendix D – Model Supplementary Project Agreement and Model Constitution of a Project Joint Council</i></p> <p><i>NAECI Part 2: Categorised Work</i></p>
Procedures Manual	<i>Section 5 Phase 2 – Plan (Procedures 5.4, 5.7 and 5.10)</i>

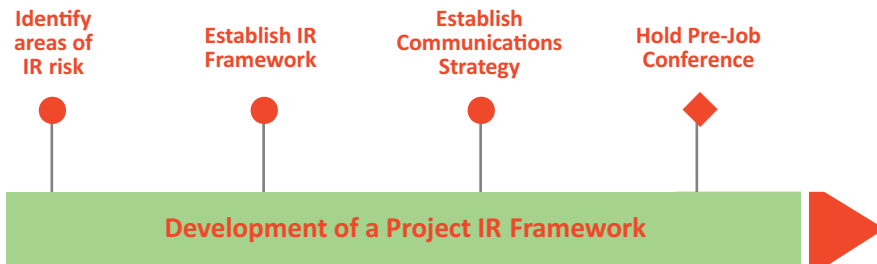
8. Development of a Project IR Framework



In this section guidelines are given for the development of a project Industrial Relations (IR) Framework and Communications Strategy.

One of the most important aspects that must be addressed is to ensure that there are effective communication channels across the project encompassing Management, Supervision and the Workforce. Project Management Teams need to develop communication strategies that enable all levels of the project team to understand their roles and responsibilities.

There are three key activities in this phase, followed by one key event. These are shown in the diagram below:



8.1 Identification of Areas of IR Risk

Once a Managing Contractor has been appointed and the SPA has been agreed, it is the responsibility of the Managing Contractor to put in place the Framework for Industrial Relations on the project. In order to establish this Framework, best practice is to conduct a risk review to ensure that the Framework addresses the factors that can impact on the success of a project.

Areas that could affect the stability of Industrial Relations on a project include, but are not limited to:

- Contractors' experience in Industrial Relations
- Management of IR issues on site
- Management of Health, Safety, Environmental and Welfare arrangements
- Managing Contractors' and subcontractors' compliance with the NAECI and SPA
- Competency of Management, Supervision and Trades Union representatives to manage Industrial Relations

- Employee attitude and commitment
- Employee inductions
- Employer/Employee communications process
- Unprocedural industrial action
- Failure by parties to follow the NAECI procedure
- Review mechanisms for IR arrangements in the event of change.

8.2 Establishment of IR Framework

An IR Framework should be developed by the Managing Contractor to mitigate risks and provide a structure for effective communication and engagement among all stakeholders.

The Function of an IR Framework

The function of an Industrial Relations Framework (see *Procedure 5.9* in the *Best Practice Procedures Manual*) is to help maintain harmonious Industrial Relations. An effective Industrial Relations Framework will depend on:

- Effective forums for communication between Employers, Trades Unions and the Workforce
- Suitably trained people dedicated to managing Industrial Relations on a day to day basis
- Commitment by all parties (Employers, Trades Unions and the Workforce) to the NAECI's procedures for the resolution of issues at work.

Recommendations for IR Framework Implementation

The Managing Contractor should:

- Ensure that subcontractors are provided with all relevant project information, prior to appointment, to ensure awareness of site requirements; this should be regularly reviewed
- Ensure that there is an experienced manager responsible for IR on the project
- Consider NAECI/Industrial Relations training for Supervision and support staff
- Develop a comprehensive Induction Programme allowing enough time to cover all key issues (see *Procedure 5.8* in the *Best Practice Procedures Manual*)
- Ensure effective engagement between Employers, Trades Unions and the Workforce
- Consider whether or not the project would benefit from the employment of a Senior Shop Steward
- Ensure that arrangements are in place for local full time officers (FTOs) of signatory Trades Unions, who are members of the PJC, to report the actions and outcomes of the PJC to accredited Shop Stewards in accordance with the NAECI (see the *NAECI Part 3: Appendices – Appendix C*).

Auditing Arrangements

The Managing Contractor is responsible for ensuring that, after the SPA has been agreed, appropriate auditing arrangements (if applicable) are put in place in accordance with the NAECI; these may include the appointment of an Independent Auditor who will report to the PJC. If appointed, the Auditor's roles, responsibilities and reporting obligations need to be defined. The Independent Auditor's Report is a tool for reviewing the project's IR performance and ensuring compliance by all parties with the NAECI and the SPA.

The Managing Contractor should outline to the Independent Auditor, at the time the auditing contract is agreed, the audit specification and, in particular, details of the reporting requirements.

Where full details are not stipulated within the SPA, the Managing Contractor should refer to the guide to the independent audit set out in the **NAECI Part 2: Categorised Work – Section 20 'Provisions Applicable to Specific Categories'** in determining the auditing arrangements. Managing Contractors can contact the NJC or ECIA who will provide them with names of companies experienced in the role of Independent Auditor on NAECI projects and sites.

8.3 Establishment of Communications Strategy

It is important to create an environment where everyone can communicate, engage and work together effectively as a team to achieve the project's goals and objectives.

A common strategy for collaboration and engagement concerning IR matters, as part of the overall Communications Framework (see **Procedure 4.4** in the **Best Practice Procedures Manual**), should be developed as follows:

- Identify key stakeholders among Client, contractors, Management/Supervision, Trades Unions and Workforce and define their roles and responsibilities
- Establish key objectives and methodology
- Include all relevant information about IR matters in the Communications Plan, including how communications are to be delivered and their frequency
- Identify any policies, processes and procedures that may assist in managing stakeholder communications
- Plan inductions and other means to communicate rules, policies and procedures
- Set up Key Performance Indicators (KPIs) for IR matters.

See also:

Best Practice Procedures Manual – Procedure 4.4
Best Practice Guides 2 (4), 4 (5), 5 (4 and 5) and 7 (6)

8.4 Holding a Pre-Job Conference

Where appropriate, the Managing Contractor should liaise with the NJC to ensure that a Pre-Job Conference takes place as soon as practicable after finalisation of the IR Framework. Guidance on the attendees and content of the Pre-Job Conference is provided in the **NAECI Part 3: Appendices – Appendix D 'Major New Construction Projects'**.

It is recommended that the Pre-Job Conference agenda should include amongst other items:

- Project objectives and plan
- Scope of engineering construction
- Anticipated labour requirements
- Any performance-based IBAs or local requirements.

8.5 Best Practice

IR risk review	The Managing Contractor should conduct an IR risk review.
IR Framework	An IR Framework should be developed by the Managing Contractor to mitigate risks and provide a structure for effective communication and engagement among all stakeholders.
Communications Strategy	A Communications Strategy should be developed to ensure effective collaboration and engagement concerning IR matters as part of the overall Communications Framework.
Preparation by Managing Contractor for the Pre-Job Conference	Managing Contractors should ensure that in advance of the Pre-Job Conference they have given consideration to the project's Industrial Relations Framework, including the scope of engineering construction activities, expected Workforce requirements, site layout, Welfare arrangements and any Incentive Bonus Arrangements and/or special local requirements.
Arrangement by Managing Contractor of the Pre-Job Conference	The Managing Contractor should liaise with the NJC to schedule a Pre-Job Conference as soon as practicable after the IR Framework has been finalised.

8.6 Further Reading

Best Practice Guide(s)	<i>Guide 2 – Workforce Engagement Guides 2 (4), 4 (5), 5 (4 and 5) and 7 (6)</i>
NAECI	<i>NAECI Part 2: Categorised Work – Section 20 NAECI Part 3: Appendices C and D</i>
Procedures Manual	<i>Section 4 Phase 1 – Prepare (Procedures 4.3, 4.4 and 4.5) Section 5 Phase 2 – Plan (Procedures 5.8 and 5.9)</i>

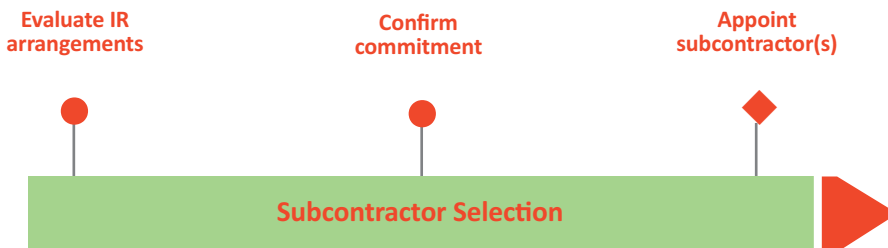
9. Subcontractor Selection



In this section, guidelines are given for an approach to selecting a subcontractor(s) committed to harmonious Industrial Relations.

Many of the considerations that apply when the Client is appointing a Managing Contractor also apply to the appointment of a subcontractor(s), regardless of whether that subcontractor is working for the Managing Contractor directly or through another contractor(s). This section, therefore, should be read in conjunction with [Section 5](#) and [Section 6](#).

There are two key activities in this phase, followed by one key event. These are shown in the diagram below:



9.1 Evaluation of IR Arrangements

Approach to Selection of a Subcontractor(s)

Effective subcontractor selection is a key ingredient of a successful project and, along with other factors, consideration must be given to ensuring that a subcontractor can comply with the NAEI and the project specific IR requirements. It is preferable that a Managing Contractor has agreed the SPA before any contracts are awarded.

It should be clearly stipulated during the tendering process that the Workforce carrying out any engineering construction activities is engaged under the terms of the NAEI. Before awarding any contract, subcontractors should ensure that adequate arrangements are in place for the management of Industrial Relations. The checklists in [Appendix B](#) can be used to establish the suitability of a prospective subcontractor's Industrial Relations arrangements.

When contracts are agreed, they should include clear reference to the NAEI, the SPA and the Industrial Relations Framework (see [Section 8](#)).

Subcontractor Compliance with the IR Framework

Any prospective subcontractor should be able to demonstrate their ability to comply with the IR Framework, the NAECI and the SPA, including:

- Deployment of subcontractor's existing core Workforce and/or recruitment of additional personnel on NAECI terms and conditions
- Planned communications with the Workforce and their representatives about the project requirements and the terms of their engagement under the NAECI and the SPA
- Roles and responsibilities of Management and Supervision for compliance with the Industrial Relations Framework
- Suitable procedures to address the mobilisation and demobilisation of the subcontractor's Workforce in accordance with the project's requirements.

9.2 Confirmation of Commitment

It is important that, prior to their engagement, all parties, including subcontractors, have demonstrated their ability to manage Industrial Relations, and have provided a clear commitment that they will comply with the NAECI and the SPA in terms of:

- The establishment of effective forums for dialogue between representatives of the contractors and the Workforce
- Appropriate resources dedicated to managing Industrial Relations on a day to day basis.

It is important that arrangements are made to ensure that all parties formally commit to the terms of the NAECI and its procedures.

9.3 Appointment of Subcontractor(s)

When contracts are agreed, these should include clear reference to the NAECI and the SPA.

Within the subcontractor's Site Management Team there should be personnel familiar with the NAECI; further training on the NAECI through the ECIA or NJC is available for those who wish to supplement their existing skills. They must have an understanding of the SPA and consider how it impacts on their Workforce/work scope. If the subcontractor needs further advice on IR arrangements, they should raise the issue with the Managing Contractor or the ECIA Regional Manager.

9.4 Best Practice

Assessing IR arrangements of subcontractors	<p>The Managing Contractor should examine the Industrial Relations credentials of prospective subcontractors by considering subcontractor experience of:</p> <ul style="list-style-type: none"> ■ Working within multi-contractor projects ■ A collective bargaining environment ■ The NAECI ■ Working to an Industrial Relations Strategy ■ Ensuring good Industrial Relations ■ Effective grievance/dispute procedures.
Confirming commitment	<p>The subcontractor's commitment to working in accordance with the NAECI, the SPA and the IR Framework should be confirmed.</p>
Appointment of subcontractor(s)	<p>It is important to ensure that any agreed contract clearly mandates compliance with the NAECI and the SPA.</p>

9.5 Further Reading

Best Practice Guide(s)	<p><i>Guide 3 – Contract Management (Sections 3, 4 and 5)</i></p> <p><i>Guide 5 – Workforce Planning (Section 4)</i></p>
Procedures Manual	<p><i>Section 4 Phase 1 – Prepare (Procedures 4.3, 4.7, 4.8 and 4.9)</i></p> <p><i>Section 5 Phase 2 – Plan (Procedures 5.8 and 5.9)</i></p>

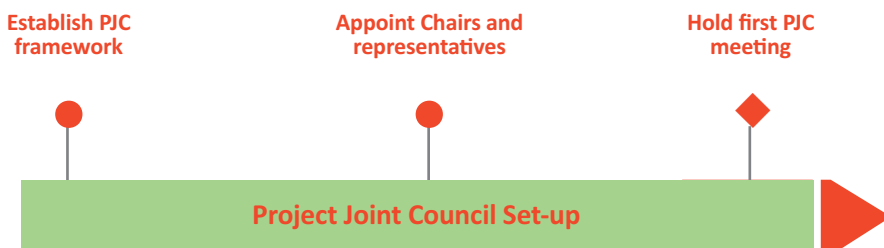
10. Project Joint Council Set-up



In this section guidelines are given for the establishment of a Project Joint Council (PJC).

The success of a NAEI project depends to a high degree on the effective working of the PJC.

There are two key activities in this phase, followed by one key event. These are shown in the diagram below:



10.1 Establishment of a PJC Framework

The NAEI requires the establishment of a forum where all Industrial Relations matters are regularly discussed. This forum is called the Project Joint Council (PJC) and is comprised of Employers, Trades Union officials and ECIA, NJC and ECITB representatives. Once established, it is the responsibility of the PJC to maintain good communications and monitor the effectiveness of all aspects of the Industrial Relations Framework. In this role, the PJC identifies, investigates and proposes solutions to any outstanding problems that may impede progress; it also promotes best practice. Further guidance on the PJC is provided in the Model Constitution of a Project Joint Council in the **NAEI Part 3: Appendices – Appendix D**. The operational protocol (that is the organisation, structure, functions and duties) of the PJC should have been agreed as part of the SPA (see **Section 7.2**).

Setting up a PJC

A Project Joint Council is established under the authority of the NJC with the participation of the contractors and Trades Union representatives involved in a project.

The PJC should be established in accordance with the provisions set down in the **NAEI Part 3: Appendices – Appendix D**.

Main Duties of the PJC

The main duties of the PJC are as follows:

- To promote high standards of Industrial Relations and productivity on site by developing a common and co-ordinated approach by the signatory parties
- To uphold the terms and conditions of employment on site in accordance with the NAEI
- To implement the agreed PJC stage of the NAEI procedure for the settlement of matters arising and to observe all other procedural matters
- To facilitate joint discussion on project related issues such as productivity, the incidence of absenteeism and improvements to working practices
- To co-operate with the NJC and to report on the decisions and activities of the PJC
- To consider and act upon the report of the Independent Auditor.

Operation of the PJC

This section describes the key elements for the mode of operation of the PJC and the upholding of the NAEI, the SPA and their rules and procedures.

Authority and Jurisdiction

The PJC is the authority at local level and the jurisdiction of the PJC extends to all Employers and employees engaged on work within the scope of the SPA.

Functions and Duties

Individual PJCs reflect the requirements of the project and of the NAEI and generally include some or all of the following:

- A common co-ordinated approach by the signatory parties
- Good communications
- A uniform and consistent application of the SPA and the NAEI
- Promotion of best practice for Health, Safety, Welfare and Environmental management
- Notification of contract awards and movements of the Workforce
- The observance of all NAEI procedures
- Site visits/inspections
- Investigation of any forms of unofficial action
- Consideration of reports from the Independent Auditor.

Membership

A quorum shall be no less than three representatives from both sides (Employers and Trades Unions) with at least one Full Time Officer.

Sub-Committees

The PJC can consider the establishment of sub-committees to focus on particular situations affecting the project as a whole. A sub-committee has the added benefit of being visible to the Workforce, showing the commitment of both parties to reach resolution.

Client

From time to time a Client may be invited to attend a PJC meeting, where both parties agree that it would be in the best interests of the project.

General Recommendations

- The role and operation of a PJC should be contained within the SPA (see **Section 7** for sample contents)
- A standard agenda should be agreed for the PJC; any additional items for a particular meeting should be agreed in advance of the meeting by the Joint Chairs (see **Section 10.2**) and included on a published agenda issued at least one week prior to the meeting
- Employers and Trades Union representatives should separately discuss actions and current Industrial Relations issues and prepare well in advance of the forthcoming PJC (possibly one week) to consider options and to enable a uniform approach to the meeting
- Employer and Trades Union representatives should hold a pre-meeting immediately prior to a PJC to prepare for the meeting
- Issues that have not been raised at Employers' or Shop Steward meetings, and so have not had the opportunity for resolution, should not be raised at a PJC.

10.2 Appointment of Chairs and Representatives

Two individuals, one from each of the parties (Trades Unions and Employers), should be appointed as Joint Chairs; they will then alternate in this role of chairing the PJC. It is important to ensure that both Chairs have the following attributes:

- The ability to chair meetings, in particular to ensure all aspects of the debate are aired and considered at the PJC
- A sound knowledge of the NAEI (developed through using the Agreement)
- An understanding of and support for the project objectives
- A detailed knowledge of the SPA.

The NJC will appoint a Regional Operations Manager who will participate in the PJCs.

The PJC includes Employer representatives from the major contractors and ECIA as well as representatives from the ECITB and Trades Unions; actual numbers are defined in the SPA.

10.3 Holding the First PJC Meeting

The relevant parties will determine when the first meeting of the PJC should be held and its subsequent frequency. A standard agenda should be agreed, used and adhered to.

Minutes

Joint Chairs of the PJC should be responsible for ensuring the preparation and circulation of minutes to PJC members.

10.4 Best Practice

Establishment of a clear framework for PJC operation	The PJC operational protocol should be defined and agreed in the SPA, with a standard agenda agreed between the Joint Chairs.
Scheduling meetings	A PJC calendar of meeting dates should be agreed to assist in diary planning.
Meeting preparation and follow-through	<p>At least a week before the PJC, the agenda should be finalised (including items additional to the standard agenda) so that there is sufficient time for both Employers and Trades Unions to prepare for the meeting.</p> <p>Post-meeting minutes should be produced and agreed by the Joint Chairs as soon after the meeting as possible, and timely completion of actions and responses should be a key objective.</p> <p>Employers and Trades Unions should report back to Management, Supervision and the Workforce about the PJC.</p>

10.5 Further Reading

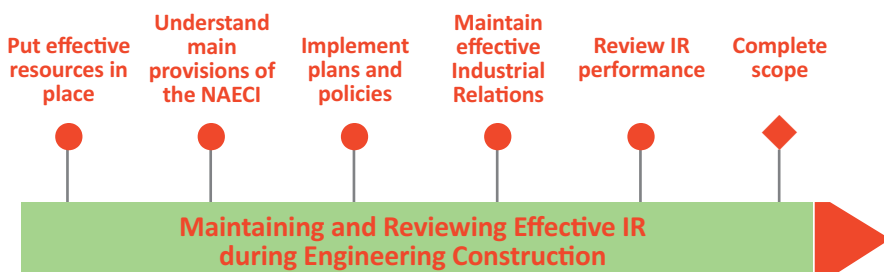
Best Practice Guide(s)	<i>Guide 2 – Workforce Engagement (Appendix B)</i>
NAECI	<i>NAECI Part 3: Appendices – Appendix D</i>
Procedures Manual	<i>Section 5 Phase 2 – Plan (Procedures 5.9 and 5.10)</i>

11. Maintaining and Reviewing Effective IR during Engineering Construction



This section contains some guidelines for putting into practice, maintaining and reviewing effective IR practices during engineering construction.

There are five key activities in this phase, followed by one key event. These are shown in the diagram below:



11.1 Putting Effective Resources in Place

When adopting the best practice set out in the earlier sections of this guide, contractors engaged on a project should understand the resources they require in order to deliver good Industrial Relations for the project.

Importance of Good Management and Supervision

Experienced, competent and motivated site Management and Supervision are essential for successful project completion. It is important that contractors ensure their Management and Supervision teams have a sound understanding of the project's Industrial Relations requirements.

See also:

Best Practice Guide 6 – Supervision

Importance of Industrial Relations Training

Relevant parties should ensure that their appointed representatives' existing skill sets are supplemented where necessary with further Industrial Relations training, which can be provided by the ECIA, NJC, ECITB or the Trades Unions.

11.2 Understanding the Main Provisions of the NAECl

Site Management, Supervision and Trades Unions' representatives should all have a good understanding of the provisions of the NAECl relating to:

- General terms and conditions of employment under the NAECl and particularly any Incentive Bonus Arrangements
- The roles and responsibilities of the parties set out in the NAECl
- The various NAECl procedures for addressing any issues that may arise, particularly in terms of the operation of the grievance and disciplinary procedures.

11.3 Implementing Plans and Policies

A well thought out and structured Industrial Relations Framework provides the foundations for establishing and maintaining harmonious Industrial Relations on a project. A project can be dynamic and ever changing, therefore the effectiveness of the Industrial Relations Framework must be continually reviewed to ensure its suitability for each evolving stage of the project.

Proactive communication and engagement between Employers and the Workforce can assist in aligning everyone behind common goals and objectives.

Management should routinely review the IR risks that could jeopardise a successful project outcome. Regular reference to the output from the Industrial Relations risk review (see [Section 8.1](#)) should be made, giving consideration as to how the project is evolving.

See also:

Best Practice Procedures Manual – Procedures 4.3 and 4.5

The Managing Contractor should review risks that might impact on the effective implementation of policies and procedures.

Risks to be reviewed should include:

- Compliance with and commitment to the NAECl and any site rules
- Contractor's ability to manage IR
- Site temporary facilities and access/egress
- Communications Framework
- The NAECl Dispute Resolution Procedure
- Level and adequacy of Workforce engagement.

Where Industrial Relations risks are identified as an impediment to the project's success, early engagement between Management and Trades Unions can mitigate the impact of such risks. The SPA should be adhered to and any proposed changes must be supported by the PJC and approved by the NJC.

11.4 Maintaining Effective Industrial Relations

Effective Industrial Relations can be maintained by discussing and resolving issues as and when they arise. Any proposed resolution of contractor-specific IR issues, which might have site-wide implications, should take into account the effect on other contractors and their Workforces.

For significant and/or site-wide issues, the Managing Contractor should be consulted prior to finalising the way the issue is to be resolved.

The PJC can consider the establishment of a sub-committee to focus on an issue as explained in **Section 10.1**.

Effective communication with the Workforce is essential, ensuring their engagement in reaching project targets. This can only be achieved if:

- The Workforce understands project objectives and milestones and the importance of attaining these
- Employers give consideration to valid issues and concerns raised by the Workforce that affect their ability to work safely and productively.

11.5 Reviewing IR Performance

Regular reviews of IR performance are an important part of maintaining the effectiveness of the IR Framework. Such reviews can:

- Ensure lessons learned are captured as and when they occur
- Provide the opportunity to identify where corrective action would improve performance
- Capture best practice to support the continual improvement of the Engineering Construction Industry in the UK.

The PJC can play an important part in reviewing IR performance and the Independent Auditor's Report is an important tool available. A comprehensive report produced in accordance with the arrangements agreed in the SPA can provide the PJC with a range of information, including:

- An overview of the Workforce by Employer, trades and grade
- KPIs that can be used to monitor trends in IR performance
- IBA measurement information
- Early identification of issues of non-compliance with the NAECI and the SPA.

Effective PJCs work in collaboration with the Independent Auditor to ensure the open sharing of information between Employers and the Trades Unions. The importance of regular reviews of the Report and the swift implementation of corrective action, where non-compliance with the NAECI and the SPA has been identified, are a key aspect of building trust between the parties at the PJC.

11.6 Completion of Scope

During construction, different trades are required to work on a project in a sequence that means that the dominant trades traditionally evolve from mechanical to electrical to instrumentation and then to services (such as insulation and painting).

Often, contractors are appointed for the completion of a specific part of the works. This can result in significant numbers of contractors (Management, Supervision and Workforce) changing as the project evolves.

To ensure that all members of the construction team understand the value of their contribution, it is necessary to have effective communications between stakeholders.

A successful project outcome is where a project completes on time and the construction work is completed safely and productively by an engaged and committed Workforce; this is what all stakeholders in the Engineering Construction Industry aspire to.

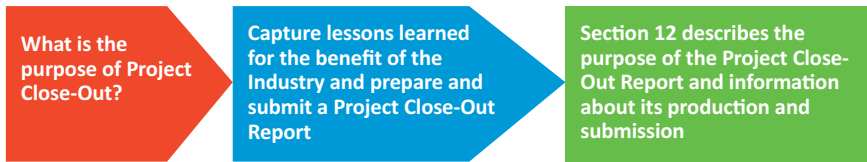
11.7 Best Practice

Understanding the project IR Framework and resources required	It is important that all stakeholders have a sound understanding of the requirements of the project's Industrial Relations Framework and resources required. IR training should be provided, where appropriate.
Commitment to the NAEI	All parties should have a sound understanding of and commitment to the NAEI.
Risk management	IR risks should be routinely reviewed and managed.
Effective IR communication	Employers should ensure engagement of the Workforce in IR matters through good communications.
Review of IR performance	Lessons learned and best practice should be captured and applied to improve project performance.

11.8 Further Reading

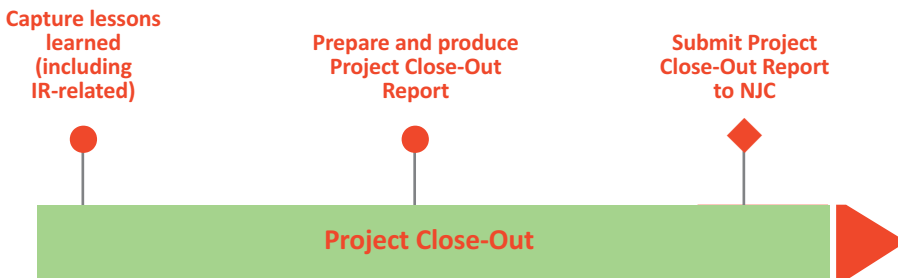
Best Practice Guide(s)	<i>Guide 2 – Workforce Engagement (Appendix B)</i> <i>Guide 4 – Planning and Operations (Sections 4, 5, 6, 7 and 8)</i> <i>Guide 5 – Workforce Planning (Section 5)</i>
NAECI	<i>National Agreement for the Engineering Construction Industry</i>
Procedures Manual	<i>Section 4 Phase 1 – Prepare (Procedures 4.3 and 4.5)</i> <i>Section 5 Phase 2 – Plan (Procedures 5.9 and 5.10)</i> <i>Section 6 Phase 3 – Execute (Procedure 6.3)</i>

12. Project Close-Out



This section describes the process of preparation, production and submission of a Project Close-Out Report, including the capture of lessons learned.

There are two key activities in this phase, followed by one key event. These are shown in the diagram below:



12.1 Capture of Lessons Learned (Including IR-Related)

It is recommended that reviews are carried out during project activities so that new knowledge and lessons learned that affect Industrial Relations are captured on an on-going basis, prior to demobilisation of the Management and Workforce.

Project teams can act on knowledge gained and issues resolved as work progresses on their current project; lessons learned can then be included in the Project Close-Out Report and applied to subsequent projects.

In the case of lessons learned, the structure of such reviews consists of asking what was supposed to happen, what actually happened, why it changed and what was learned. Teams that regularly ask these questions can generate valuable information for future projects and the Industry as a whole.

Engineering Construction projects often use a number of contractors, subcontractors and suppliers to deliver a project, which can make recording of lessons learned for individual contracts difficult. However, by centralising lessons learned within the project and ensuring a culture of collaboration, reviews can then be carried out with contributions from all discipline areas.

Means of capturing lessons learned include (see **Section 1.6** in the **Best Practice Procedures Manual**):

- Project survey by category (see reference above)
- Lessons Learned Register
- Discussion forums
- Review meetings
- Post job workshops
- Knowledge interviews.

Capture and document any lessons learned in each defined category/area with regard to:

- Processes and systems used
- Performance measures (KPIs)
- Principles and behaviours
- Other lessons from the Relationship Management Plan (see **Procedure 5.6** in the **Best Practice Procedures Manual**).

12.2 Preparation and Production of Project Close-Out Report

The capture and documentation of lessons learned (including those that are IR-related) and their incorporation in the Project Close-Out Report are essential to achieving better understanding of successes, challenges and opportunities and to improve performance on future projects.

Purpose of the Project Close-Out Report

A Project Close-Out Report is intended to document the life of the project; it can be used in subsequent construction projects to take advantage of knowledge gained to replicate successes and avoid those instances that did not work so well.

Producing the Report

Typically, close-out reports are produced at the end of a project following discussion and agreement of the signatory parties. Reports are held by the NJC and are available on the NJC website (www.njceci.org.uk).

There are many ways of collating the information for a Project Close-Out Report, however collating lessons learned as they arise during a project ensures that knowledge is not overlooked or lost.

The preparation and production of a comprehensive Project Close-Out Report can be complex and follows on from a 'lessons learned' process. A balanced and honest appraisal by the involved parties can add value to future projects.

Report Contents

Typically, report contents include, but are not limited to, the following (including IR):

- Introduction
- Project Overview (for example original scope, goals and objectives)
- Organisations involved in the project (for example partners, stakeholders, suppliers and Project Team)
- Project successes and challenges
- Health, Safety, Environmental and Welfare issues
- Quality Assurance
- Industrial Relations
- Lessons learned, including benefits and suggestions for improvement
- Project strategy (for example project management methodology and processes)
- Progress measures:
 - Key data (for example headcount numbers and matters arising)
 - KPIs
 - Project schedule (milestone dates, planned against actual dates and finish dates on, ahead or behind schedule)
 - Milestones and deliverables
 - Project Audit Report.
- Corrective actions
- Risk management
- Change management
- Communications
- Project deliverables related to both Engineering and Construction
- Training and development
- Budget (planned against actual costs)
- Appendices (for example the SPA or Project Audit Report).

See also:

Best Practice Procedures Manual – Procedure 7.3

12.3 Submission of the Project Close-Out Report to the NJC

The Project Close-Out report should be prepared and submitted to the NJC in accordance with the relevant section of the **NAECI Part 3: Appendices – Appendix D ‘Major New Construction Projects’**.

12.4 Best Practice

Capturing and making use of lessons learned	<p>It is important to:</p> <ul style="list-style-type: none"> ■ Have pre-project reviews to ensure that existing, relevant knowledge is used ■ Use ECIA Best Practice Guides and Toolkit ■ Share best practice, by contributing lessons learned to the PJC as they occur.
Producing the Project Close-Out Report	<p>To facilitate continuous improvement within the Industry, each project should produce a Project Close-Out Report, which is a requirement of the NAECI (also known as the ‘End of Job Report’ – see the NAECI Part 3: Appendices – Appendix D ‘Major New Construction Projects’).</p>

12.5 Further Reading

Best Practice Guide(s)	<p><i>Guide 3 – Contract Management (Section 7 and Appendix A)</i></p> <p><i>Guide 4 – Planning and Operations (Section 8)</i></p>
NAECI	<p><i>NAECI Part 3: Appendices – Appendix D</i></p>
Procedures Manual	<p><i>Section 1.6</i></p> <p><i>Section 5 Phase 2 – Plan (Procedure 5.6)</i></p> <p><i>Section 7 Phase 4 – Close-Out (Procedure 7.3)</i></p>

13. Long Term Repair and Maintenance and Major Events

How does the approach differ from new-build for Long Term Repair and Maintenance and Major Events?

Make specific arrangements particular to local sites with regard to structure and communications

Section 13 gives a brief summary of some arrangements particular to Long Term Repair and Maintenance and Major Events

The NAEI provides an Industrial Relations Framework for use on Long Term Repair and Maintenance operations and Major Events, as well as new-build projects.

The following two areas are covered in this section:

- Long Term Repair and Maintenance activities (*NAEI Category 2*)
- Major Events (*NAEI Category 3*).

13.1 Long Term Repair and Maintenance

The factors that are different, from an Industrial Relations perspective, for Long Term Repair and Maintenance to that of new-build projects include:

- The workplace is generally known and understood
- The Workforce is normally local and the duration of employment tends to be longer than for new-build projects and events
- The Industrial Relations Framework is normally less hierarchical than that of a new-build project; typically the Client will have direct contractual relationships with several contractors and there is not normally a Managing Contractor
- Due to the nature of Long Term Repair and Maintenance, the NAEI includes an optional fixed productivity payment (as an alternative to a performance-based payment) described in the *NAEI Part 2: Categorised Work*.

IR Framework

In the absence of an overall Managing Contractor on a Long Term Repair and Maintenance site, the Client should structure the Industrial Relations Framework in such a manner as to ensure that there is commonality in the approach to Industrial Relations of each contractor, including:

- The use of defined Industrial Relations requirements, as covered in *Section 5*
- The use of an evaluation process for contractors similar to that in *Section 6* (see also *Procedure 4.8* in the *Best Practice Procedures Manual*)
- The use of a Local Agreement (approved by the NJC) that covers all relevant local and site-specific Industrial Relations issues in the same way as an SPA (see *Section 7* and also *Procedure 5.10* in the *Best Practice Procedures Manual*)

- Ensuring that adequate resources are in place to manage the Industrial Relations Framework (see *Procedure 5.9* in the *Best Practice Procedures Manual*).

Local Forums to deal with project-specific issues operate in a very similar way to that of project PJCs, and best practice is very similar in Long Term Repair and Maintenance to that of new-build projects. Local Forums can make use of *Section 7* and *Section 10* to review the effectiveness of their Local Agreement.

NAECI training for Employers' Management and Supervision personnel and Trades Union representatives has been found to be beneficial in supporting the effectiveness of the Industrial Relations Framework and courses are available from the ECIA, NJC and ECITB.

It is important that the IR Framework is periodically reviewed to ensure its continued effectiveness and that any corrective action is taken, where necessary.

HS&E

Health, Safety and Environmental arrangements for the asset(s) are normally specified by the Client and may be mandatory.

13.2 Major Events

The Major Event categorisation within the NAECI can be used for certain shutdowns and turnarounds. The key differences to new-build projects are:

- When an agreement is required for a Major Event, this should be drafted by the Client/Managing Contractor following consultation between the signatory Employer and Trades Union representatives, and in accordance with the *NAECI Part 2: Categorised Work – Section 20 'Provisions Applicable to Specific Categories'*.
- Clients normally require that work be completed within a short timescale to minimise loss of production. This often requires additional hours of work or shift working.
- Health, Safety and Environmental arrangements need to take cognisance of the complexities of work operations in a live/existing facility, with complex operations often being completed in close proximity to each other.
- A Major Event may require rapid mobilisation and demobilisation of labour. The Workforce may also include a significant proportion of travelling labour.
- Completing the Major Event on time is a critical success factor as the asset is generally required back in operation as soon as possible
- Detailed planning and appropriate resourcing for a Major Event are essential.

Recruitment and Induction

Significant levels of recruitment may be required to resource a Major Event. The importance of engaging with the Workforce should be taken into account when securing commitment to the project objectives (see the *Workforce Engagement Best Practice Guide*).

The duration of a Major Event is comparatively short and the work is intense; for this reason it is important to ensure that the induction is comprehensive (see *Procedure 5.8* in the *Best Practice Procedures Manual*).

Close-Out

At the conclusion of a Major Event, lessons learned and best practice should be captured. See **Section 12.1** for further details.

Whilst a Major Event does not formally require the submission of a Project Close-Out Report under the NAEI, there is considerable benefit in receiving feedback. Therefore a Client/Managing Contractor who executes a Major Event is encouraged to produce a report immediately after the conclusion of the event. This Report should include lessons learned and any new best practice that was used successfully on the event and it should be submitted to the NJC and ECIA.

13.3 Best Practice

Long Term Repair and Maintenance

There should be in place a structured IR Framework for Long Term Repair and Maintenance, taking into account any specific local criteria.

The following recommendations are also made:

- Utilise Local Forums to deal with project-specific issues
- Provide NAEI training for Management and Supervision, where appropriate
- Periodically review the IR Framework and take corrective action, where appropriate
- Regularly review HS&E arrangements.

Major Events

Terms and conditions for a Major Event may be incorporated within an existing Repair and Maintenance agreement or a new agreement may be developed.

The following recommendations are also made:

- Any agreement required for a Major Event should be drafted by the Client/Managing Contractor following appropriate consultation
- Plan for significant levels of recruitment to ensure adequate resources
- Ensure that any induction required is comprehensive
- Capture any lessons learned and best practice
- Provide a report containing feedback, after the conclusion of the event, and submit it to the NJC and ECIA.

13.4 Further Reading

Best Practice Guide(s)	<i>Guide 2 – Workforce Engagement Guide 3 – Contract Management (Section 8)</i>
NAECI	<i>NAECI Part 2: Categorised Work</i>
Procedures Manual	<i>Section 4 Phase 1 – Prepare (Procedure 4.8) Section 5 Phase 2 – Plan (Procedures 5.8, 5.9 and 5.10)</i>



14. Conclusions



14.1 Approach to Effective Industrial Relations

This document contains guidelines and best practice recommendations to facilitate the sharing and utilisation of relevant knowledge across all aspects of work within the scope of the NAECI.

The NAECI and its major project Supplementary Project Agreements provide both a framework and a stable and structured environment for project execution. This encourages the adoption of practices by clients that promote a strong, productive and harmonious UK Engineering Construction Industry.

Section 14.2 summarises the Guide's key best practice recommendations for how to ensure successful IR outcomes. For new-build projects, checklists contained in **Appendix A** can be utilised to assess the extent of the implementation of best practice; there is an individual checklist for each phase of a project's lifecycle. Separate checklists for Repair and Maintenance Operations are also contained in the same appendix; they can be used to quickly assess the extent of the adoption and use of Industrial Relations best practice for a Major Event or Long Term Repair and Maintenance.

The recommendations contained in this Guide are designed to encourage a proactive approach to capturing lessons learned and implementing best practice. The overall objective should be to ensure that a continuous improvement process is followed so as to increase the performance and competitiveness of the UK Engineering Construction Industry. All stakeholders have a role to play in achieving these goals.

The adoption of these principles and practices for effective Industrial Relations can help attract investment in the Engineering Construction Industry and can assist in building for a successful future.

14.2 Key Recommendations – Summary

<p>(Section 4) Project planning</p>	<ul style="list-style-type: none"> ■ Proactive project identification and notification of new projects to the NJC ■ Early engagement between the Client and the NJC ■ Early commitment to the NAECI by the Client ■ Full commitment among all parties to good Industrial Relations.
<p>(Section 5) Defining IR content within contract requirements</p>	<ul style="list-style-type: none"> ■ Client to define IR requirements for Managing Contractors, including responses required in the IR section of the RFP ■ Managing Contractors to demonstrate the suitability of their IR arrangements in their response to the RFP.
<p>(Section 6) Managing Contractor selection</p>	<ul style="list-style-type: none"> ■ Assessment of candidate's ability to manage IR ■ Confirmation of contractual obligations set out between the Client and Managing Contractor, prior to appointment.
<p>(Section 7) Development of Supplementary Project Agreement (SPA)</p>	<ul style="list-style-type: none"> ■ A 'Section 20' meeting to be held as soon as practicable after appointment of the Managing Contractor ■ SPA to reflect the overall project-specific requirements ■ Early agreement of SPA between Employers and the Trades Unions followed by approval of the NJC ■ Communication of the content of the SPA to all interested parties, including the Workforce ■ Employees should sign to confirm formal acceptance of the terms and conditions of the SPA and the NAECI, following their induction.
<p>(Section 8) Development of a Project IR Framework</p>	<ul style="list-style-type: none"> ■ Conduct of an IR risk review ■ Establishment of an IR Framework ■ Establishment of a Communications Strategy ■ Preparation and arrangement by Managing Contractor of the Pre-Job Conference, in conjunction with the NJC.

<p>(Section 9)</p> <p>Subcontractor selection</p>	<ul style="list-style-type: none"> ■ Evaluation of potential subcontractors' IR arrangements ■ Confirmation of each subcontractor's commitment to working to the NAEI and an SPA ■ Before appointment of subcontractors, assurance that the contract clearly mandates compliance with the NAEI and the SPA.
<p>(Section 10)</p> <p>Project Joint Council set-up</p>	<ul style="list-style-type: none"> ■ Establishment of a clear framework for PJC operation ■ Appointment of Joint Chairs and representatives ■ Scheduling a PJC calendar of meeting dates ■ Holding the first PJC meeting ■ PJC preparation and circulation of minutes.
<p>(Section 11)</p> <p>Maintaining and reviewing effective IR during engineering construction</p>	<ul style="list-style-type: none"> ■ Putting effective resources in place ■ Sound understanding of and commitment to the NAEI ■ Routine review of IR risks and appropriate consultation ■ Effective communications and engagement with the Workforce to maintain effective IR ■ Regular review of IR performance ■ Applying lessons learned and best practice to improve project performance.
<p>(Section 12)</p> <p>Project Close-Out</p>	<ul style="list-style-type: none"> ■ Capture and documentation of lessons learned ■ Production of the Project Close-Out Report and submission to the NJC.
<p>(Section 13)</p> <p>Long Term Repair and Maintenance and Major Events</p>	<ul style="list-style-type: none"> ■ A structured IR Framework for Long Term Repair and Maintenance should be in place. Utilise Local Forums for project issues and provide appropriate NAEI training for Management. ■ Terms and conditions for a Major Event may be within an existing Long Term Repair and Maintenance Agreement or a new Major Event Agreement. Plan for recruitment and comprehensive induction and consider producing a Close-Out Report.



A. Checklists for Industrial Relations

A.1 Project Planning (Section 4)

- ☐ Is the Client building or financing the project aware of the benefits of using the NAEI for managing Industrial Relations on a construction project?
- ☐ Have NAEI signatory organisations who have become aware of a significant new-build project notified the NJC?
- ☐ Is the Client aware that they can discuss the use of the NAEI with the NJC?
- ☐ Has the Client committed to the use of the NAEI?

A.2 Defining IR Content within Contract Requirements (Section 5)

- ☐ Has the Client provided contractors with sufficient information in the IR section of the RFP to assist in planning their Industrial Relations Strategy and submitting their responses? Does it include local project/site related IR information that should be considered?
- ☐ Has the Client prepared the IR section of the RFP to ensure full compliance with the NAEI and effective management of the Workforce?
- ☐ Does the information provided by the prospective Managing Contractor's response to the RFP contain comprehensive IR management information with their submission?

A.3 Managing Contractor Selection (Section 6)

- ☐ Has each prospective Managing Contractor confirmed their commitment to the use of the NAEI?
- ☐ Has the Managing Contractor's submission been evaluated to ensure that all IR arrangements requested in the RFP, or identified specifically for the project, have been given proper consideration and satisfied (see sample checklists in **Appendix B**)?
- ☐ Has a contractual obligation been set out between the Client and Managing Contractor for the management of IR?

A.4 Development of Supplementary Project Agreement (SPA) (Section 7)

- ☐ Has a meeting to discuss NAECI 'Section 20' been scheduled?
- ☐ Has a first draft of the SPA been provided to all interested parties to form a basis for discussion?
- ☐ Have all parties agreed and approved the content of the SPA and signed it for submission to the NJC?

A.5 Development of a Project IR Framework (Section 8)

- ☐ Has the Managing Contractor identified and reviewed potential areas of IR risk?
- ☐ Has an IR Framework been established by the Managing Contractor, including recommendations for implementation and auditing?
- ☐ Has a common strategy for collaboration and communication about IR matters been established?
- ☐ Has the Pre-Job Conference been held as soon as practicable after finalisation of the IR Framework?

A.6 Subcontractor Selection (Section 9)

- ☐ Have the prospective subcontractors demonstrated that they have suitable arrangements for compliance with the NAECI and the SPA?
- ☐ Prior to appointment, has the subcontractor provided a clear commitment to the NAECI and the SPA?
- ☐ Does the contract with the subcontractor include clear reference to the NAECI and the SPA?
- ☐ Is the subcontractor's Site Management Team familiar with the NAECI at the time of mobilisation?

A.7 Project Joint Council Set-up (Section 10)

- ☐ Has a PJC Framework been established in accordance with the provisions of the NAECI?
- ☐ Have Joint Chairs and representatives been appointed and do they have appropriate attributes and experience?
- ☐ Has a PJC calendar of meeting dates and a standard agenda been set up?
- ☐ Has the first PJC meeting been planned and held?
- ☐ Have the parties established a procedure for preparation, feedback and follow-through around PJC meetings?

A.8 Maintaining and Reviewing Effective IR during Engineering Construction (Section 11)

- ☐ Do Management and Supervision have a sound understanding of the requirements of the project's IR Framework?
- ☐ Do Management, Supervision and the Trades Union representatives have a good understanding of the main provisions of the NAECI?
- ☐ Are project IR risks being routinely reviewed?
- ☐ Are communication and engagement with the Workforce effective?
- ☐ Is IR performance being reviewed on a regular basis?
- ☐ Is the Independent Auditor's Report being reviewed on a regular basis?
- ☐ Are lessons learned and best practice being captured on an on-going basis?

A.9 Project Close-Out (Section 12)

- ☐ Has a suitable mechanism been set up for capturing lessons learned (including IR-related)?
- ☐ Has a report production process been put in place before construction work draws to a close?
- ☐ Has the Project Close-Out Report's content been defined and agreed?
- ☐ Have all appropriate parties been consulted in the production of the Report?
- ☐ Has the final Report been submitted to the NJC?

A.10 Long Term Repair and Maintenance and Major Events (Section 13)

Long Term Repair and Maintenance

- ☐ Is an IR Framework, which is compliant with the NAECI, in place?
- ☐ Have prospective Managing Contractors, where appointed, been assessed to ensure their ability to comply with the IR Framework?
- ☐ Is a Local Agreement, which has been endorsed by the NJC, in place?
- ☐ Is there an appropriate mechanism in place for capturing lessons learned and best practice?

Major Events

- ☐ Has a Managing Contractor been appointed to co-ordinate the work and are arrangements in place for managing IR during the event?
- ☐ Can an existing agreement, which is compliant with the NAECI, be used or amended?
- ☐ In the event of no Local Agreement, is an agreement for a Major Event required and, if so, has it been drafted in accordance with the NAECI?
- ☐ Have appropriate resourcing levels been identified?
- ☐ Is a comprehensive induction process in place?
- ☐ Is there an appropriate mechanism in place for capturing lessons learned and best practice?

B. Checklists for Assessing Contractor IR Arrangements

The checklists here relate to **Section 6** and **Section 8** and provide additional information for assessing contractor IR arrangements.

B.1 Planning

Has the contractor demonstrated satisfactory Industrial Relations commitment and:

- ☐ Identified the responsible people for managing industrial and employee relations, who are to be located on and off the project site, and determined that they are sufficiently experienced?
- ☐ Outlined the processes and procedures to be used for informing and assessing all tiers of the supply chain prior to contract award in order to ensure that all of the relevant organisations are aware of and will be compliant with:
 - ☐ All of their Industrial Relations and human resources management obligations?
 - ☐ Mandatory compliance with 'direct employment' (see the **NAECI Part 1: Core Terms and Conditions**)?
 - ☐ The effective management of the employment life cycle from recruitment and selection through to termination of employment?
 - ☐ Full compliance with the NAECI and SPA and membership of the appropriate signatory Employer's association?

B.2 Resourcing

- ☐ Has the contractor defined the resources required to implement the Industrial Relations Strategy and Framework in accordance with the NAECI?

B.3 Risk Management

Has the contractor identified the following:

- ☐ Key IR issues and potential sources of Industrial Relations risk that could impact on their work on the project?
- ☐ Likelihood and potential consequences of each IR risk?
- ☐ Priority IR risks that will require Management's attention?
- ☐ Action plan and management measures to avoid or minimise the key IR risks?
- ☐ If the action plan requires communication with the Trades Unions?

B.4 Subcontractor Strategy

Is the Contractor intending to subcontract any aspects of their work and have they prepared a plan to:

- ☐ Ensure that the subcontractor and/or supplier is capable of meeting their obligations under the NAECI and the SPA?
- ☐ Describe how dealings on IR related issues with their subcontractors are to be managed?
- ☐ Describe how on-going subcontractor compliance with Industrial Relations requirements is to be monitored and assessed, including Employer association membership to access NAECI procedures?

Has the contractor prepared:

- ☐ A histogram to identify the size of the Workforce, categorised within the various trades required to deliver their work on the project?
- ☐ A Recruitment Plan that, among other things, identifies:
 - ☐ How the Workforce is to be resourced (from existing core employees currently employed, recruited from new applicants or through employment businesses)?
 - ☐ The selection process to be used to identify suitable and capable employees, including compliance with NAECI recruitment obligations?
 - ☐ How IR compliance issues and the responsibility for compliance are to be cascaded to all tiers of the supply chain (including employment businesses)?

B.5 Communication

Has the contractor:

- ☐ Outlined an appropriate communications process with the Client, the ECIA, NJC, the recognised signatory Trades Unions to the NAEI, employees and all tiers of subcontractors and suppliers within the supply chain?
- ☐ Ensured compliance with UK statutes and legislation and the NAEI in relation to Trades Union recognition rights, including appropriate employee representation?
- ☐ Defined the accountability and responsibility of every person within the supply chain whose role may affect Industrial Relations performance on the project?
- ☐ Clearly communicated these accountabilities and responsibilities to the people concerned?
- ☐ Assessed their ability and commitment to engage with the Workforce?

B.6 Training

Has the contractor developed a Training Plan that will provide relevant training to personnel in:

- ☐ NAEI processes and procedures to effectively carry out their job responsibilities, including any joint training initiatives, for example those delivered by the NJC and the ECITB?
- ☐ Leadership and people management skills including effective communications, team briefings, selection interviewing, team building and induction?
- ☐ Processing of individual grievances, disciplinary investigations and processes and Workforce consultation?

B.7 Delivery

Has the contractor assigned effective personnel who will apply the necessary technical, administrative and people management skills, experience, knowledge and engagement required to:

- ☐ Encourage team working?
- ☐ Effectively lead the Supervision, Workforce and suppliers?
- ☐ Successfully deliver the project safely, on time, to the specified quality and within a healthy working environment?
- ☐ Establish good Industrial Relations?

B.8 Experience

Has the contractor:

- ☐ Undertaken work in the UK Engineering Construction Industry in the recent past?
- ☐ Relevant experience working in the UK within the Engineering Construction Industry?
- ☐ Undertaken work under the NAECI in the recent past?
- ☐ Undertaken work under other collective bargaining agreements in the recent past?
- ☐ Applied previous lessons learned?

C. Abbreviations and Acronyms

Abbreviation	Description
ECI	Engineering Construction Industry
ECIA	Engineering Construction Industry Association
ECITB	Engineering Construction Industry Training Board
EPIC	ECIA Productivity Improvement Committee
FEED	Front End Engineering Design
FTO	Full Time Officer
HS&E	Health, Safety and Environmental
IBA	Incentive Bonus Arrangement
IR	Industrial Relations
KPI	Key Performance Indicator
NAECI	National Agreement for the Engineering Construction Industry
NJC	National Joint Council for the Engineering Construction Industry
PJC	Project Joint Council
RFP	Request for Proposal
SPA	Supplementary Project Agreement

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References to and quotations from relevant sources are included in this document.
All quotations are shown in italics and within quotation marks.

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Please be aware that nothing contained within this Best Practice Guide should be considered as superseding the National Agreement for the Engineering Construction Industry (NAECI).

Published by

Engineering Construction Industry Association (ECIA)
5th Floor, Broadway House, Tothill Street, London SW1H 9NS

Email: ecia@ecia.co.uk

Tel: 020 7799 2000

Website: www.ecia.co.uk

