



**ENGINEERING CONSTRUCTION INDUSTRY
WELFARE AND HOLIDAY SCHEME**

EMPLOYER ADMINISTRATION GUIDE

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Engineering Construction Industry Welfare and Holiday Scheme (the Scheme)

Employer Administration Guide

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Enclosed *Employee Booklet NAECI Welfare Benefits*

1. Purpose of the Scheme

1.1 Participation in the Scheme enables employers to provide:

- the various welfare benefits required under the National Agreement for the Engineering Construction Industry (NAECI)
- and
- holiday pay entitlement for employees involved in 'construction operations' without the deduction of both employer and employee National Insurance Contributions.

1.2 A definition of '*construction operations*' is available separately.

1.3 Employers may choose to participate in the Scheme on the following basis

- to provide NAECI welfare benefits and holiday pay
- or
- to provide NAECI welfare benefits only

2. Eligibility for NAECI welfare benefits

2.1 The NAECI requires employers to provide the full range of welfare benefits under the agreement. Employers who choose to provide only selected benefits through this Scheme will remain responsible for the other benefits not covered under the Scheme.

2.2 Please note, **all** eligible employees must be included in the Scheme and it is a requirement of the NAECI that the employer must bear the full cost of the contributions.

2.3 An employee will cease to be eligible for membership of the Scheme and entitlement to benefits will automatically terminate:

- a) on ceasing to be actively employed by a Participating Employer;
- b) if the employee makes a wilfully fraudulent claim; or
- c) if the employer fails to pay the required contribution by the due date.

2.4 Notwithstanding the provision of note (2.3a) above, if a member ceases to be actively employed by a Participating Employer as a result of an injury sustained due to an occupational or site accident, which subsequently results in death or disablement within 12 calendar months of the date of the accident, Fatal Accident Benefit (but not Death benefit) or Permanent Disablement Benefit will be payable, subject always to other terms and conditions within the Scheme rules.

- 2.5 Notwithstanding the provision of note (2.3a) above, if a member ceases to be actively employed by a Participating Employer as a result of an injury sustained during daily travel to/from work, which subsequently results in death within 12 calendar months of the date of the accident, Fatal Accident Benefit (but not Death benefit) will be payable, subject always to other terms and conditions within the Scheme rules.

3. Scheme Year

- 3.1 The Scheme year normally commences on the first Monday of October of each year (See Appendix 1 – Scheme Calendar).
- 3.2 Welplan automatically issues all participating employers with information relevant to the forthcoming Scheme year in advance of the commencement of that year.

4. Application to participate

- 4.1 Employers should complete the Employer Participation Form and send it to Welplan by post or attach it to an e-mail (to ecischemes@welplan.co.uk).
- 4.2 On receipt of the Employer Participation Form, Welplan will:
- acknowledge receipt of the Employer Participation Form
 - register the employer in the Scheme
 - notify the employer of their unique 'EC' Scheme reference number
 - provide standard Scheme forms (for NAECI welfare benefits)
 - provide a sample of a specially formatted spreadsheet for employee data

5. Employer data maintenance

- 5.1 Participating employers must maintain records which will facilitate four-weekly/monthly population of the spreadsheet of employee data:
- The specially formatted spreadsheet can be password protected and will enable employers to download employee details direct from their payroll systems. The spreadsheet should be emailed to Welplan for uploading onto the Scheme membership database.
 - Alternatively, employers can use a spreadsheet which may already exist within their payroll procedures but a **specific header and column titles** will need to be added so it is ready for uploading onto the Scheme membership database.

6 Holiday pay calculation and reconciliation

- 6.1 It is important to note that holiday pay contributions are paid to the Scheme on a lump-sum basis i.e. there is no need to allocate specific sums to individual employees

- 6.2 Employers are responsible for ensuring their payroll systems have in place a reconciliation process for holiday pay funded through the scheme. More holiday pay than is required can be funded through the scheme and it is very important that only holiday pay pre-funded through the scheme is put through the payroll system free of National Insurance Contributions.
- 6.3 In view of the way holiday pay is calculated under NAECI (12 week rolling average) it will be necessary for the employer to estimate an amount to be accrued through the scheme sufficient to meet the actual annual holiday pay required. One thirteenth of the accrued amount will be the amount entered on the four-weekly return. (One twelfth, if using the monthly option).
- 6.4 HMRC requires that holiday pay is pre-funded through the scheme in order to access the NIC concession. To meet this requirement, the scheme year commences in October to provide holiday pay for the coming holiday entitlement year commencing in January – e.g. October 2008 for January 2009.

7. Four-weekly/monthly returns

7.1 Welplan issue four-weekly/monthly returns to employers in arrears.

Employers are required to complete the return (see Appendix 2 – sample return) with summary information relevant to the period covered by the return confirming:

- number of employees covered for NAECI welfare benefits
- corresponding NAECI welfare contributions payable
- amount of monies payable for holiday pay provision

7.2 Employer sends the four-weekly/monthly return, spreadsheet of employee data and payment to Welplan

The return should be sent by post or e-mail (as agreed) to Welplan within two weeks of receipt to ensure NAECI welfare benefit cover is maintained.

At the same time as sending the return, data as described at 5 above should be e-mailed to Welplan. Please note that the spreadsheet of employee data should correspond with the number entered on the 4th week of the return.

Payment must be made by cheque (payable to ECI Welfare and Holiday Scheme) or by BACS.

If a BACS payment is made, please use your Scheme 'EC' Reference Number and Period Return number in the narrative attached to the payment

Relevant bank account details are as follows:

Name of Bank	Bank of Scotland
Name of account	ECI Welfare and Holiday Scheme
Bank Sort Code	12 20 26
Bank Account number	06970818

- 7.3 On receipt of each complete return i.e. including payment and supporting data, Welplan will send the employer a report confirming receipt of payment for welfare benefit contributions and, if applicable, monies for holiday pay provision.

8. Sickness and Accident Benefit Claims procedure

- 8.1 Employees must provide the employer with a self-certificate of incapacity for up to the first seven days of absence. For periods of incapacity of eight days or more, a certificate of incapacity from a registered medical practitioner (doctor's certificate) is required.
- 8.2 The employer must then complete a *Sickness and Accident Benefit Claim Form* and submit it promptly to Welplan with copies of the appropriate certificates of incapacity.
- 8.3 Welplan will assess the claim for payment of benefit as follows:
- a) subject to point (c) below, the first seven days of incapacity are 'waiting days' for which no benefit is due;
 - b) benefit will be paid from the eighth day of incapacity;
 - c) periods of incapacity separated by not more than eight weeks will be added together for the purpose of calculating 'waiting days' and the maximum period for which benefit is payable;
 - d) benefit will be paid for a maximum of 26 weeks;

Benefit can only be paid for periods covered by a certificate of incapacity from a medical practitioner or other valid medical evidence.

Entitlement to benefit is subject to the exclusions which are summarised in the Employee Booklet NAECI Welfare Benefits (enclosed with this guide).

Payment of sickness and accident benefit claims by Welplan

- 8.4 Welplan will pay sickness and accident benefit on a weekly basis each Friday for all claims provided there is a current, valid doctor's certificate. The benefit due will be paid to the employer, either by cheque or BACS, as agreed.
- 8.5 It is a requirement of the NAECI that benefit is payable in addition to any Statutory Sick Pay to which the employee is entitled.

- 8.6 The benefit must then be paid to the claimant through the employer's payroll system and be subject to the usual deductions for PAYE tax and for both employer's and employee's National Insurance Contributions.
- 8.7 A single payment will cover all claimants who are due benefit in any week and the employer will receive a Payment Advice showing the inclusive dates of the payment for each employee and the individual amounts due.
- 8.8 Supplementary medical evidence in the form of further doctor's certificates for ongoing claims should be forwarded to Welplan as and when they are received. This will be prompted by Welplan with the issue of a Supplementary Claim Form shortly before expiry of the current doctor's certificate.
- 8.9 A *Return to Work Notice* should be sent to Welplan as soon as the employer knows the claimant has returned to work. This is not necessary if the return to work date was given on the claim form.
- 8.10 In the event of an overpayment of benefit when an employee returns to work before the expiry of a doctor's certificate, Welplan will deduct the amount of the overpayment from the next payment to the employer for any other claimants. Where there are no other current claimants, Welplan will request that the employer repays the overpayment by cheque.

9. Death Benefit and Fatal Accident Benefit Claims

The employer must notify Welplan as soon as possible of any death or fatal accident benefit claims.

- 9.1 A claim form will be sent to the employer with full instructions for dealing with the claim.
- 9.2 Death benefit (benefit type 1) is payable in the event of death in active service or within eight weeks of the member being made redundant and having remained continuously unemployed since then.
- 9.3 Fatal Accident benefit (benefit type 2.1) is payable only in the event of an occupational or site accident or during daily travel to/from work when death occurs within 12 calendar months of the date of the accident.
- 9.4 Benefit claims are decided by Welplan Ltd in consultation with ECIA. Payment of benefit(s) will be made by cheque to the beneficiary(s) - potentially, a spouse/civil partner, children, and other relatives and dependants - via the deceased member's employer.
- 9.5 All calls and correspondence relating to death benefit claims will be actioned on the day of receipt.

10. Expression of Wish Forms

10.1 All participating employees should complete an Expression of Wish Form to ensure that when Welplan Ltd is deciding who receives the death benefit, it can take account of the employee's wishes (although members should note that Welplan Ltd has sole discretion over who receives the benefits and is not bound to act on this nomination). The Form should be retained by the employer and provided to Welplan in the event of a claim.

11. Permanent Disablement Benefit Claims

- 11.1 In the event of a member suffering injury or disability as specified in the Employee Booklet NAECI Welfare Benefits (benefit type 2.2); Welplan must be notified as soon as possible. A claim form will be sent to the employer with full instructions for dealing with the claim.
- 11.2 Benefit for a valid claim will be paid to the member by cheque via the employer.
- 11.3 As with death and fatal accident benefit claims, all correspondence and calls relating to permanent disablement benefit will be actioned on the day of receipt.

12. Reimbursement of Holiday Pay monies

12.1 Holiday pay reimbursement with supporting confirmation reports will be made automatically to participating employers by Welplan on a quarterly basis (See Appendix 3 – Reimbursement Schedules):

- 1st March
- 1st June
- 1st September
- 1st December

12.2 Holiday pay reimbursement will be paid to participating employers by cheque or BACS (as agreed).

13. Scheme Service Levels

13.1 Employers can expect the following service levels:

- four-weekly/monthly returns will be issued on the last working day of the four-weekly/monthly period concerned;
- four-weekly/monthly confirmation reports will be issued by Welplan to substantiate the value of welfare benefit contributions received and the amount of monies paid for holiday pay provision;
- sickness and accident benefit claims will be paid every Friday for all claims/medical evidence received up to mid-day on the Thursday preceding;
- all routine queries will be dealt with promptly on the day of receipt;
- all calls or correspondence relating to death, disability or injury claims will be dealt with on the day of receipt

- all holiday pay reimbursements will be issued by the dates shown on the reimbursement schedules providing the employer is up to date with their payments to the Scheme.

14. Standard Scheme Documentation

14.1 The following standard documentation is used by the Scheme:

- Employer's Participation Form
- Sickness and Accident Benefit Claim Form
- Return to Work Notice
- Expression of Wish Form
- Employee Booklet NAECI Welfare Benefits (*enclosed*)
- Accidental Dismemberment Claim Form
- Permanent Total Disablement Claim Form
- Death Benefit Claim Form
- Four-Weekly/Monthly Return
- Four-Weekly/Monthly Return Confirmation Report
- Holiday Pay Reimbursement Report

15. Additional Information

15.1 Please refer to the ECIA area of Welplan's website www.welplan.co.uk for further information.

This document is intended only as a guide for participating employers to cover the accounting, administration and claims procedures of the Scheme. It does not in any way override the more detailed rules, terms and conditions of the Scheme agreed between ECIA and Welplan.