

JOINT CONCILIATION COMMITTEE OF THE HEATING, VENTILATING AND DOMESTIC ENGINEERING INDUSTRY

COMPRISING:

Heating and Ventilating Contractors' Association (HVCA)

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Unite – the Union

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14 April, 2010

TO EMPLOYERS AND EMPLOYEES IN THE HEATING, VENTILATING, AIR CONDITIONING, PIPING AND DOMESTIC ENGINEERING INDUSTRY

Dear Sir/Madam

Contractual Entitlement for Operatives to Participate in Employers' Contributory Pension Scheme

1 Introduction and Summary

- 1.1 The purpose of this letter is to advise you of a number of substantive textual changes to the Operative National Agreement following the agreement reached by the Parties to the Agreement to incorporate into the terms of the National Agreement an **entitlement for Operatives to participate in an Employers' Contributory Pension scheme with effect from 4 October 2010**. JCC Letter 100, dated 13 October 2009, contains more detailed information concerning the current two-year Operative Wage Agreement for 2009/10 – 2010/11, which introduced the entitlement.
- 1.2 To give effect to this change in the contractual terms and conditions of Operatives covered by the National Agreement, the Association and the Union have agreed amendments to **Clause 19** and **Clause 22** of the National Agreement and to **the Agreed Notes for Guidance** to Clauses 19, 20, 21 and 22 of the National Agreement – as well as a minor adjustment to the notes on **Page 105** of the current (February 2005) edition of the National Agreement Handbook.
- 1.3 All changes to the National Agreement shall become effective from **4 October 2010**.

2 Substantive Changes to the Operative National Agreement

- 2.1 The Association and the Union have agreed amendments to the National Agreement as follows:
 - i **Appendix 1** to this JCC Letter : Clause 19 of the National Agreement: Welplan – the HVACR Welfare and Holiday Scheme; and Welplan Pensions – the HVACR Employers' Contributory Pension Scheme;
 - ii **Appendix 2** : Clause 22 of the National Agreement : Welfare and Pension Benefits – Entitlement and Payment;
 - iii **Appendix 3** : Agreed Notes for Guidance to Clauses 19, 20, 21 and 22; and
 - iv **Appendix 4** : Notes on Page 105 of the current (February 2005) edition of the National Agreement Handbook.
 - 2.2 The textual changes are highlighted in ***bold italics*** in the Appendices.
- #### 3 Permanent Documentation
- 3.1 The Parties plan to reprint the text of the National Agreement in its entirety later in the year, and this will incorporate the changes outlined in this JCC Letter.

- 3.2 The scheme booklet setting out the rules of Welplan Pensions, to which reference is made in Clause 19 and in the Notes for Guidance to Clauses 19, 20, 21 and 22 is currently being prepared and will be available in the near future. In advance, Employers who wish to order copies of the scheme booklet for their own reference and distribution to members of their workforce can do so by contacting:

Welplan Ltd
Old Mansion House
Eamont Bridge
Penrith
Cumbria CA10 2BX

Tel: 01768 860400
Fax: 01768 860401
E-mail: pensions@welplan.co.uk

- 3.3 To accommodate the future development of the Scheme, H&V Pensions will be changing its name to Welplan Pensions in the near future. For this reason, the National Agreement amendments in the attached Appendices use the name of Welplan Pensions rather than H&V Pensions.

Signed on behalf of and as authorised by
HEATING AND VENTILATING CONTRACTORS' ASSOCIATION
R.J. HIGGS OBE, Chief Executive

Signed on behalf of and as authorised by
UNITE – the UNION
T. HARDACRE, Construction Industry National Officer

19: Welplan – the HVACR Welfare and Holiday Scheme; and Welplan Pensions – the HVACR Employers’ Contributory Pension Scheme

- a** The Employer shall notify **Welplan** of all Operatives to be included in the *welfare and holiday* scheme *and the pension scheme*. The rules of *Welplan* which are incorporated into and form part of this Agreement are set out in a separate Supplement. *The rules of Welplan Pensions are set out in a scheme booklet available from Welplan Ltd.* Operatives are entitled to a weekly credit subject to the rules of the Scheme, to be purchased by the Employer by means of a four weekly return to **Welplan**. The credit shall cover:
- i** a weekly credit in respect of annual and recognised holidays (the value of the credit shall be agreed from time to time between the Association and the Union and shall be enumerated in an Appendix to this Agreement)
 - ii** a weekly contribution in respect of welfare benefits (the value of the contribution shall be determined from time to time by the Association and shall be enumerated in an Appendix to this Agreement)
 - iii** *a weekly contribution in respect of pension benefits (the value of the contribution shall be determined from time to time by the Association and shall be enumerated in an Appendix to this Agreement). Additional Employer and Operative contributions can be made at the discretion of Employers and Operatives.*
- b** **Variation or Amendment**
Subject to legislative changes, Clauses **19, 20, 21** and **22** of this Agreement may be varied or amended by agreement of the Parties but any variation or amendment shall, subject to the rules of **Welplan**, only become operative at the beginning of a new accounting period. Notice of any proposed variation must be given in writing to each of the other Parties at least six months prior to the commencement of any accounting period.
- c** **Termination**
Either of the Parties to this Agreement may terminate Clauses **19, 20, 21** or **22** at the end of any accounting period by giving notice in writing to the other Party at least 12 months before the end of the accounting period. In the event of termination of the ‘Annual and Recognised Holidays Provision’ the Parties agree to provide the holiday facilities and holiday payments until such time as the rights acquired by the Operatives in respect of holiday credits under this section have been met.

*Note: A summary of Welplan and the address from which full details can be obtained are given in the Notes for Guidance to Clauses **19, 20, 21** and **22**.*

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22: Welfare *and Pension* Benefits – Entitlement and Payment

- a** All Operatives shall be entitled to sickness and accident benefit and other welfare benefits in accordance with **Welplan** – the HVACR Welfare and Holiday Scheme – *and pension benefits in accordance with Welplan Pensions – the HVACR Employers’ Contributory Pension Scheme*.
- b** The rates of welfare benefits *and pension contributions* shall be agreed from time to time between the Association and the Union and shall be enumerated in an Appendix to this Agreement. The amount of death benefit in any particular case shall be subject to the rules of **Welplan** and to **HM Revenue and Customs** requirements.

*Note: A summary of **Welplan** and **Welplan Pensions** and the address from which full details can be obtained are given in the Notes for Guidance in Clauses 19, 20, 21 and 22.*

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19: Welplan – the HVACR Welfare and Holiday Scheme; and Welplan Pensions – the HVACR Employers’ Contributory Pension Scheme

20: Annual holidays

21: Annual and recognised holiday credits – payment

22: Welfare and Pension Benefits – Entitlement and Payment

These Clauses provide for annual and recognised holidays with pay and welfare benefits in accordance with **Welplan and pension benefits in accordance with Welplan Pensions**. A Supplement to the National Agreement setting out the rules of *Welplan and a scheme booklet setting out the rules of Welplan Pensions* can be obtained from:

Welplan Ltd
Old Mansion House
Eamont Bridge
Penrith
Cumbria
CA10 2BX

Tel: 01768 860400

In summary the Scheme operates in the following way:

- a** at the start of each accounting year, which always commences in October, the Employer notifies **Welplan** of all Operatives to be included in the Schemes; although new starters and leavers can be introduced to, or removed from, the Schemes at any time
- b** thereafter, the Employer receives from **Welplan** a 4 weekly return, in arrears, which is used to purchase weekly credits for the weeks covered by the return
- c** Operatives are entitled to a weekly credit if available for work at normal hourly rates for their contracted hours during the week
- d** an Operative who was not available for work for his contracted hours may still be entitled to a weekly credit if absent for certain specified reasons – e.g. recognised and annual holiday, or periods of certificated illness
- e** the Employer completes the return and sends it back to **Welplan** together with payment for the value of weekly credits required
- f** each **weekly credit** purchased provides:
 - i** a **holiday credit** representing 1/52 of the Operative’s annual and recognised holiday entitlement and,
 - ii** a **contribution** to provide welfare benefits covering:
 - death

- absence due to sickness or accident
- accidental dismemberment
- permanent total disability

iii a contribution to provide pension benefits

- g** **Welplan** records the weekly credits purchased by each Employer for each Operative so that at any time the value of weekly credits standing in an Operative's account is known
- h** immediately before each holiday period, **Welplan** pays to the Employer the value of holiday credits appropriate for each of the Operatives currently in his employ
- i** any Operative with unpaid holiday entitlement who has left an Employer in the Scheme would normally be paid direct by **Welplan** immediately before the appropriate holiday period unless,
- j** the Operative subsequently joins another Employer in the Scheme. In which case, **Welplan** automatically notifies the new Employer of any unpaid entitlement
- k** *if an Operative leaves an Employer participating in the Scheme but immediately joins another Employer participating in the Scheme, his active membership of Welplan Pensions will be unbroken*
- l** *if an Operative leaves an Employer participating in the Scheme and joins an Employer not participating in the Scheme or becomes unemployed, his active membership of Welplan Pensions will cease. His fund can remain invested until he retires or dies (when benefits will be provided) or his fund can usually be transferred to another occupational pension scheme or personal pension policy*
- m** *if, after leaving active scheme membership (see l above), an Operative subsequently changes jobs again and joins his previous or another Employer participating in the Scheme he can re-join Welplan Pensions and contributions to his fund will automatically re-commence from the date of re-joining*
- n** where an Operative is eligible for welfare benefit, and where the Employer has observed the Scheme, the appropriate benefit would normally be paid by Welplan to the Operative via the Employer

Note: Death benefit is normally only payable to the Operative's dependants (if any) and payment is subject to the absolute discretion of the trustee company Welplan Ltd.

- o** *Welplan Pensions is a money purchase scheme. Contributions buy fund units that are credited to members' individual named accounts. The units are sold on a member's retirement or death to provide Scheme benefits.*

On retirement, pension benefits are secured by an annuity purchased from an insurance company. HM Revenue and Customs regulations may permit some or all of a member's fund to be paid at retirement as a tax-free lump sum.

If a member dies in service while holding a fund in Welplan Pensions, the value of his fund will be paid as a lump sum. The Scheme's Trustee has discretion in deciding who benefits from the payment of the lump sum. This discretion allows death benefits to be paid tax-free.

Member's benefits at retirement or death will depend on:

- *the amount of contributions paid into the member's fund and the length of time over which these were paid*
- *the investment performance of the fund*
- *the cost of buying an annuity from an Insurer.*

p where the Employer fails to observe the Scheme, he remains responsible for the payment of the appropriate holiday *entitlement*, welfare benefits *and pension contributions* as called for by the National Agreement.

In order to ensure that Employers meet their obligations under the Working Time Regulations in respect of holiday entitlements for those Operatives commencing employment part-way through a leave year, the New Starters Ready Reckoner should be used, to calculate holiday entitlements. This is issued separately each year and forms part of the Holidays for Operatives leaflet.

To obtain the maximum financial benefit from participation in **Welplan** and to simplify the administration, employers should note the following:

Holiday Pay Top-up Provision

Under the Working Time Regulations (WTR), which came into effect from 1 October 1998, employees are entitled to **28** days paid holiday in each leave year, to be paid at the rate of a week's pay, as defined by the Employment Rights Act 1996. This in effect is an amount equivalent to contractual earnings.

Employers participating in **Welplan**, who pay National Agreement wage rates and operate a 38-hour basic working week, will automatically satisfy the WTR requirements.

Automated Data Collection Service (ADCS)

This streamlined service allows employers participating in **Welplan** to submit employee details direct from electronic payroll or other administration systems.

The ADCS system accepts data from a variety of sources, including a direct payroll system interface and Excel spreadsheets, thereby eliminating the need for paper-based returns.

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Welfare facilities on site

Attention is drawn to the Employer's responsibility for welfare facilities on site under the Construction (Health, Safety and Welfare) Regulations 1996.

Bereavement leave

The Parties to this Agreement recognise that Employers in the Industry give sympathetic consideration to time off with pay to Operatives on the occasion of the death of a near relative. They agree that in the event of death of a parent, spouse or child, three days' leave with pay is appropriate. This does not preclude the Employer and Operative from agreeing alternative arrangements appropriate to the circumstances.

Welplan Pensions

The scheme is an industry wide pension scheme which enables members to remain in the scheme even when transferring employment between participating employers.

The Scheme can:

- *accept additional employer and employee contributions;*
- *incorporate additional death in service cover; and*
- *provide members with an 'open-market option' service at retirement at no extra cost.*