

23 June 2008

Dear Sirs

## **Engineering Construction Industry Welfare and Holiday Pay Scheme**

ECIA wrote to you last week about the new engineering construction industry holiday pay scheme we will operate from October this year in conjunction with our existing NAECI welfare benefits scheme.

The purpose of this letter is to provide further information about the scheme and to encourage your finance and payroll professionals to attend one of the specially arranged *Holiday Pay and Pensions Briefings* arranged by ECIA for July.

### **National Insurance Contributions (NIC) concession**

Participation in the new scheme will allow you to pay holiday pay entitlement free of both employers and employees NICs – a very significant saving on annual payroll costs of about 1.5%, with employees also benefiting by about 1.25%.

The scheme is open to those companies with employees engaged in *construction operations* as defined by Section 74 of the Finance Act 2004 (copy attached). All of your in-scope employees can be enrolled in the scheme, regardless of whether or not they work on NAECI projects. We anticipate that those employees working on mixed contracts covering both construction and repair/maintenance will also be eligible but we await confirmation from HMRC on this point.

Welplan is an HMRC recognised provider of centrally managed holiday pay schemes and for the last 50 years we have operated a similar scheme within the construction industry linked to the h&v national wage agreement.

### **Scheme commencement date**

The new combined scheme will commence on 1 October 2008 to provide holiday pay to be paid free from NICs for the 2009 holiday year. The first payments to the scheme will be due in mid-November.

## **Scheme administration**

Key elements of the scheme will be simplicity and ease of operation. In most cases, only minimal changes will be required to your payroll systems, and you will be able to remit payments to Welplan along with the weekly welfare contributions on the existing four-weekly basis.

## **ECIA Members' Holiday Pay Scheme & Pension Briefings**

Representatives from Welplan will be attending next month's *Holiday Pay Scheme & Pension Briefings* to explain full details of the scheme and to receive member feedback. Proposed changes in pension legislation will also be covered.

Although ECIA has already notified you of the dates and venues of the briefing meetings, a booking form is attached for ease of reference and further copies are available on the ECIA website:

[http://www.ecia.co.uk/pages/index.cfm?page\\_id=114](http://www.ecia.co.uk/pages/index.cfm?page_id=114)

Following the briefings we will write to you again with more detailed information, and a dedicated free-phone telephone number will also be available for you to call with any questions concerning the scheme.

Yours faithfully



**R B Kirton**  
**Chief Executive**

Direct line: 01768 860410  
Email: b.kirton@welplan.co.uk

# ECIA

## Holiday Pay Scheme & Pension Briefings: July 2008

Dear Member

Later this year, ECIA members will be entitled to join a new holiday pay scheme, enabling them to **holiday pay without deduction of National Insurance Contributions (NIC)**: a very significant saving on a company's annual wages bill, as well as for the individual employees concerned.

Welplan Limited has been appointed to set up and operate the scheme, in combination with the existing ECIA welfare benefits scheme. Key elements of the scheme will be simplicity and ease of operation. Although the holiday pay scheme is aimed principally at NAECI employees, we anticipate that members might also be able to extend it to non-NAECI engineering construction operatives, as well as first line supervision.

The combined scheme will commence on 1 October 2008 to provide for holiday pay during the holiday year commencing January 2009. Welplan is currently waiting for confirmation from HM Revenue & Customs on various operational matters and will write to you shortly with full details.

Members are encouraged to attend one of several local briefing sessions taking place around the UK during July - details overleaf.

In addition to a presentation on the holiday pay scheme, Welplan will give attendees an expert update on very important changes to **employers' pension obligations** taking effect between now and 2012.

These briefing sessions are likely to be of particular interest to member companies' finance, pension and payroll functions.

**The booking form is on the next page**

# ECIA Booking Form

## Holiday Pay Scheme & Pension Briefings: July 2008

Please complete and return this form to: **Michaela Preckova - Fax: 020 7233 1930**

Attendance at these briefings is open to anyone employed by an ECIA member company. Companies can therefore choose to nominate different delegates to attend sessions in more than one region. Please complete and return a *separate* form for each session that your company wishes someone to attend. In each case, tick the relevant box below and supply the name(s) of the individual(s) attending that meeting. If more than three people wish to attend a meeting, please supply the additional names and contact details on a further copy of this form. Full session details (agenda, venue map, etc.) will be sent to delegates nearer the time.

Venue	Date	Time	
London - ECIA Broadway House	Wed. 2 July	10.00-12.30	<input type="checkbox"/>
Aberdeen - Thistle Hotel	Mon. 7 July	10.00-12.30	<input type="checkbox"/>
Glasgow - Scottish Engineering	Tues. 8 July	10.00-12.30	<input type="checkbox"/>
Runcorn - Holiday Inn	Wed. 9 July	10.00-12.30	<input type="checkbox"/>
Derby - Best Western Midland Hotel	Thurs. 10 July	9.30-12.00	<input type="checkbox"/>
Leeds - EEF Thorner	Thurs. 10 July	2.30-5.00	<input type="checkbox"/>
Sellafield Visitors Centre	Mon. 14 July	10.00-12.30	<input type="checkbox"/>
Bristol - EEF Engineers House	Mon. 21 July	9.30-12.00	<input type="checkbox"/>
Neath - Aberavon Beach Hotel	Mon, 21 July	2.30-5.00	<input type="checkbox"/>
Pembroke Dock - Cleddau Bridge Hotel	Tues. 22 July	9.30-12.00	<input type="checkbox"/>
Washington - EEF Derwent House	Mon. 28 July	9.30-12.00	<input type="checkbox"/>
Wilton - ECITB Kirkleatham	Mon. 28 July	2.30-5.00	<input type="checkbox"/>
Immingham - CATCH	Tues. 29 July	10.00-12.30	<input type="checkbox"/>

**Company Name:**

**Delegate Name (1):**

**Email Address:**

**Delegate Name (2):**

**Email Address:**

## Finance Act 2004 – extract

### 74 Meaning of “construction operations”

(1) In this Chapter “construction operations” means operations of a description specified in subsection (2), not being operations of a description specified in subsection (3); and references to construction operations—

(a) except where the context otherwise requires, include references to the work of individuals participating in the carrying out of such operations; and

(b) do not include references to operations carried out or to be carried out otherwise than in the United Kingdom (or the territorial sea of the United Kingdom).

(2) The following operations are, subject to subsection (3), construction operations for the purposes of this Chapter—

(a) construction, alteration, repair, extension, demolition or dismantling of buildings or structures (whether permanent or not), including offshore installations;

(b) construction, alteration, repair, extension or demolition of any works forming, or to form, part of the land, including (in particular) walls, roadworks, power-lines, electronic communications apparatus, aircraft runways, docks and harbours, railways, inland waterways, pipe-lines, reservoirs, water-mains, wells, sewers, industrial plant and installations for purposes of land drainage, coast protection or defence;

(c) installation in any building or structure of systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection;

(d) internal cleaning of buildings and structures, so far as carried out in the course of their construction, alteration, repair, extension or restoration;

(e) painting or decorating the internal or external surfaces of any building or structure;

(f) operations which form an integral part of, or are preparatory to, or are for rendering complete, such operations as are previously described in this subsection, including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access works.

(3) The following operations are not construction operations for the purposes of this Chapter—

(a) drilling for, or extraction of, oil or natural gas;

(b) extraction (whether by underground or surface working) of minerals and tunnelling or boring, or construction of underground works, for this purpose;

(c) manufacture of building or engineering components or equipment, materials, plant or machinery, or delivery of any of these things to site;

(d) manufacture of components for systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection, or delivery of any of these things to site;

(e) the professional work of architects or surveyors, or of consultants in building, engineering, interior or exterior decoration or in the laying-out of landscape;

(f) the making, installation and repair of artistic works, being sculptures, murals and other works which are wholly artistic in nature;

(g) signwriting and erecting, installing and repairing signboards and advertisements;

(h) the installation of seating, blinds and shutters;

(i) the installation of security systems, including burglar alarms, closed circuit television and public address systems.

(4) The Treasury may by order made by statutory instrument amend either or both of subsections (2) and (3) by—

(a) adding,

(b) varying, or

(c) removing,

any description of operations.

(5) No statutory instrument containing an order under subsection (4) shall be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.