

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

COMPRISING:

Building Engineering Services Association

116

Unite – the Union

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

Dear Sir/Madam

**B&ES Operative National Agreement: Long-term Pensions Strategy –
Introduction of Employee Contributions**

1. Introduction

1.1 The current Wage Agreement set out in JCC Letter 111, dated 14 April 2014, commits the Parties to the National Agreement to joint discussion regarding those aspects of the National Agreement dealing with pension provision in the following terms:

‘The Association and the Union have agreed to further joint discussion concerning a number of longer-term issues regarding pension provision under the terms of the Agreement, particularly about establishing a structured and the most beneficial approach to securing employee contributions’ [*JCC Letter 111, paragraph 4.1*]

1.2 These further discussions took place during July 2015 to January 2016, with meetings on 24 July, 17 August, 28 September, 11 December 2015 and 7 January 2016.

1.3 During these discussions the Parties noted that:

- (a) the Employers had already committed through the terms of the current Wage Agreement to increasing their contribution level from 4 per cent to 4½ per cent of basic pay (from 5 October 2015) and from 4½ per cent to 5 per cent of basic pay (from 3 October 2016); and
- (b) the intention of the Parties is to increase the combined contribution level to 9 per cent of basic pay, consistent with ‘Set 1’ as the definition of pensionable pay under the Department for Work and Pensions approach to ‘self-certification’, by April 2019.

1.4 The discussions also recognised that:

- (c) employee contributions are desirable from the point of view of securing employee ownership of, and responsibility for, their pension; and
- (d) there are distinct advantages in introducing employee contributions sooner rather than later, so that the agreed target percentage contribution rate for employee contributions could be achieved in smaller incremental steps.

2. Agreement

2.1 The Trade Union has **agreed** to the introduction of Employee Contributions on the timescale and at the contribution rates shown in **bold** in the Table below.

2.2 Taken together with the contribution rates to which the Employers have already committed, the Table below also shows the agreed combined pension contribution rates to be made under the terms of the National Agreement:

Date	<i>6 Oct 2014</i>	<i>5 Oct 2015</i>	3 Oct 2016	5 June 2017	<i>2 Oct 2017</i>	5 Feb 2018	1 Oct 2018	<i>1 April 2019</i>
Wage Increase	+2.5%	+3%	TBC ⁽²⁾	—	TBC ⁽²⁾	—	TBC ⁽²⁾	—
Employer Pension Contribution⁽¹⁾	4%	4½%	5%	5%	5%	5%	TBC ⁽²⁾	TBC ⁽²⁾
Employee Pension Contribution⁽¹⁾	0%	0%	¾%	1½%	1½%	2¼%	3%	TBC ⁽²⁾
Combined Pension Contribution⁽¹⁾	4%	4½%	5¾%	6½%	6½%	7¼%	TBC ⁽²⁾ +3%	Combined Target 9%

Notes: (1) All Pension Contribution rates in the above Table indicate percentage of basic pay.
(2) See paragraph 2.4 of this JCC Letter.

2.3 The Parties have also **agreed** that Clauses 19 and 22 of the B&ES Operative National Agreement shall be amended to make it clear that the Employer Pension Contribution is dependent upon Employees making their Contribution, as indicated above. If an Employee opts to leave the pension scheme/provision under the Agreement, the Employer will have no need to make its Contributions on behalf of the Employee. Employees who have opted to leave the scheme/pension provision of the National Agreement may opt at any time to re-join it.

2.4 The Parties have also **agreed** in principle that any advancement beyond the Contribution rates shown in the Table above which will be required to meet minimum statutory obligations from April 2019 would be subject to negotiation at the appropriate point in time when wages, allowances and

pension contribution rates are negotiated between the Parties for the period from October 2017 going forward.

Signed on behalf of and as authorised by
BUILDING ENGINEERING SERVICES ASSOCIATION
P.D. RIMMER, Director of Employment Affairs and Skills

Signed on behalf of and as authorised by
UNITE – THE UNION
B. McAULAY, National Officer for Building, Construction and Allied Trades